

AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO



Austintown Middle School

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OHIO AUDITOR OF STATE KEITH FABER



Board of Education
Austintown Local School District
700 S Raccoon Rd
Austintown, OH 44515

We have reviewed the *Independent Auditor's Report* of the Austintown Local School District, Mahoning County, prepared by Julian & Grube, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Austintown Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2019

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

AUSTINTOWN LOCAL
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2018

PREPARED BY
TREASURER'S DEPARTMENT
RYAN GHIZZONI, TREASURER/CFO

700 S. RACCOON ROAD

AUSTINTOWN, OHIO 44515

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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INTRODUCTORY SECTION

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Austintown Local School District

Vincent S. Colaluca, Superintendent
Ryan Ghizzoni, Treasurer



700 S. Raccoon Rd.

Austintown, Ohio 44515

Phone: (330) 797-3900

www.austintownschoools.org

December 27, 2018

Members of the Board of Education and Residents of the
Austintown Local School District

The Comprehensive Annual Financial Report (CAFR) of the Austintown Local School District (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. This CAFR includes financial statements and other financial and statistical data and conforms to accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statute requires an annual audit by independent accountants. The firm of Julian & Grube, Inc. conducted the audit for fiscal year 2018. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and includes a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to Federal financial assistance programs, as well as to determine that the school district has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2018, provided no instances of material weaknesses in the internal controls or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management's Discussion and Analysis (MD&A). Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The District's MD&A, which focuses on the government-wide statements, can be found immediately following the Independent Auditor's Report.

Profile of Austintown Local School District

The District ranks as the 62nd largest in the State of Ohio among 612 public school districts and is the 2nd largest of the 14 school districts located within Mahoning County in terms of total enrollment. As of the most current school year (2017-2018), 4,593 students were enrolled in the District's four schools (one elementary, one intermediate, one middle and one high school). Approximately 164 District residents attend the Mahoning County Career and Technical Center.

The District employs 271 non-certified staff members and 339 certificated staff members. The certified staff members include 20 administrators and 319 full-time and part-time teachers. Of the 319 member teaching staff, 68% have master's degrees. The District faculty has an average 13 years of teaching experience. Classroom teachers at all levels are supported by specialists in reading, guidance, art, music and physical education. The District's Pupil Personnel Services include school health and psychological services, pupil appraisal, counseling and guidance services, and speech-language and hearing services at all levels.

The District's curriculum, based on the Ohio Common Core Standards, offers a wide range of electives and comprehensive courses of study in college preparatory, vocational and alternative programs. The District has begun a Science, Technology, Engineering & Math (STEM) program at both the middle school and high school level. Our College in High School program continues to grow, giving students the opportunity to earn college credit along with their high school credit. The District has a rich history and tradition in music and the arts along with a high caliber athletic program. Students are offered a large range of extracurricular programs, beginning in the elementary grades with the after-school enrichment program. All District schools have media centers, lunch programs and multipurpose rooms or gyms for student activities. The District is very fortunate to have a supportive Parent Teacher Association (PTA) program at each building and a PTA council at the District level. The District is working on several areas to encourage parent involvement at all building levels.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap the territory of the District are listed below. The stated percentage is that percentage of the tax valuation of the overlapping entity that is located within the District.

1. Mahoning County (14.67%)
2. Mill Creek Park District (14.67%)
3. Austintown Township (98.68%)
4. Mahoning County Career and Technical Center (16.38%)
5. City of Youngstown (0.07%)

Each of these entities operates independently, with its own separate budget, taxing power, and sources of revenue.

Economic Conditions and Outlook

The District is located in Mahoning County in northeastern Ohio, approximately 75 miles southeast of the City of Cleveland. The District's approximately 25.0 square miles encompasses most of the territory of Austintown Township. The District is in the Youngstown-Warren Metropolitan Statistical Area, which is comprised of Columbiana, Mahoning and Trumbull Counties.

The District's general area is served by diversified transportation facilities. Immediate access is available to several State and U.S. highways and to interstate highways I-76, I-80 and I-680, and Rt. 11. The District is adjacent to areas served by Conrail and Amtrak, and is served by passenger air service at Youngstown Municipal Airport, located near the City of Youngstown.

Within 75 miles of the District, there are approximately 11,700 manufacturing plants, 12,500 wholesale distribution centers, and 46 Fortune 500 industrial, service, and corporate world headquarters. Employment in the Youngstown-Warren Metropolitan Statistical Area is primarily comprised of the manufacturing sector, largely in the automobile and steel industries. Since the mid 1980's, there has been an overall decrease in employment in the manufacturing sector, which has been offset by an increase in employment in the non-manufacturing sector.

Major commercial banks with offices within the District include Chase, Citizens Bank, Farmers National Bank, First National Bank, Home Savings and Loan, Huntington Bank, Key Bank, Talmer Bank and Trust, Woodforest National; along with Associated School Employees Credit Union, Edison Financial Credit Union and Seven Seventeen Credit Union.

Two daily newspapers, The Vindicator and Warren Tribune Chronicle, serve the District. The District falls within the broadcast area of eight television stations and twenty one AM and FM radio stations. The District also operates a cable television channel which broadcasts school information on Channel 19.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Youngstown State University, a public four-year university in the City of Youngstown with a full-time enrollment of over 13,500, Kent State University, The University of Akron, Penn State University (Sharon, Pennsylvania Branch), Mount Union College, Walsh University, Eastern Gateway Community College and Northeastern Ohio Universities College of Medicine.

A number of hospital and several adult and adolescent residential treatment centers are located in the area of the Youngstown-Warren Metropolitan Statistical Area.

Mahoning County provides numerous golf, tennis and swimming facilities all accessible to residents of the District.

There are many cultural activities available in the County including the Butler Institute of American Art, the Arms Museum, the Youngstown Playhouse and Youth Theatre, Easy Street Productions and the Youngstown Symphony Center. Youngstown State University also provides art, music and plays. The Covelli Center is Northeast Ohio's newest event arena. It opened in 2005 and is centrally located in downtown Youngstown. The arena seats 5,700 and is home to the Youngstown Phantoms, an ice hockey team. The center also hosts various concerts and performances, including such acts as Elton John, Carrie Underwood, and Disney-on-Ice. The Mahoning Scrappers, a minor league baseball team, is located in nearby Niles, Ohio and has many family activities during their summer season. The Canfield Fair (Mahoning County's fair) is the largest county fair in Ohio and offers many activities for the youth and families in the area. Many cultural activities are within driving distance in the greater Cleveland and Pittsburgh areas. Professional basketball, baseball, football and hockey teams are also located in the cities of Cleveland and Pittsburgh.

Budgetary Controls

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by the Ohio Administrative Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

Long-Term Financial Planning

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot.

Major Initiatives for the Year

The District has recently completed Strategic Planning through a program developed by the Ohio School Boards Association. District staff and community members met multiple times during the year to develop goals for the District for coming years. The Strategic Planning Committee developed a new vision for the District. “The Austintown Local School District is a united community with a proud legacy and a progressive approach to education.” A new mission statement was also developed. “We provide an inspiring education that strengthens and prepares our students for unlimited future opportunities.”

The District developed four goals:

1. *Academic* - Employ research-based strategies leading to all students achieving at or above grade-level state expectations.
2. *Communication* - Communicate effectively in a timely manner with a clear and concise message.
3. *Customer Service* - Establish positive relationships with students, staff and community.
4. *Finances* - Demonstrate fiscal responsibility to the Austintown community.

Capital Improvements – The district continues to work on the implementation and updating of the capital improvement plan. Most recently, the district completed an LED lighting replacement project and a complete renovation and upgrade to the football stadium, auxiliary soccer field and baseball field. This included replacing the grass surface with turf at the baseball and auxiliary soccer field, as well as, replacing the existing turf at the football stadium. Lighting was also added or replaced at all of these fields.

Community – The community of Austintown is centrally located between Pittsburgh and Cleveland and has direct access to the main interstates that run through Northeast Ohio including the Ohio Turnpike and interstate 76. The township is fortunate to have access to great recreational opportunities, including the Mill Creek Park Metro Park Bike path, a 206 acre park, as well as, five smaller neighborhood parks.

Major Initiatives for the Future

The District continues to invest in the one-on-one device program for all students in grades 6-12, as well as expand the available technology for students in grades K-5. The District also is moving forward with expanding the self-contained STEM program, which now goes from 6th grade through 12th grade. The District feels this is an investment in the academic success of our students. Professional development opportunities are available to staff to help them integrate this technology in their classroom. The District believes this is necessary for student success on state assessments.

Use of this Report

The report is published to provide to the Board of Education, as well as to our citizens and other interested persons, detailed information concerning the financial condition of the District, with particular emphasis placed on the utilization of resources during the past fiscal year. It is also intended that this report will serve as a guide in formulating policies and in conducting the District’s future day-to-day activities. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District’s financial affairs have been included.

In today’s bond market environment, it is increasingly important that public agencies prepare soundly conceived annual financial reports which are independently audited by a qualified firm or agency. It has become almost required practice that such reports be prepared in accordance with generally accepted accounting principles (GAAP), and the major bond rating agencies review the data presented in such reports before determining a public agency’s bond rating.

Use of this report by the various departments of the District is encouraged when furnishing information. Copies of this report are being placed in the public library for use by the general public.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Austintown Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgments

It is with great pride and pleasure that we submit this CAFR for review and wish to express appreciation to the members of the Board of Education for supporting us in this endeavor and other members of the Treasurer's office who contributed time and effort in completing this project. We would also like to acknowledge our consultant, Julian & Grube, Inc., who provided us with expert technical assistance in all phases of preparing the report and the cooperation of the team from Julian & Grube, Inc., who conducted a thorough audit of our finances.

Sincerely,



Ryan Ghizzoni, Treasurer



Vincent S. Colaluca, Superintendent

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**LIST OF PRINCIPAL OFFICERS
JUNE 30, 2018**

Board of Education

<u>Name</u>	Began Service As Board Member <u>January 1</u>	Present Term Expires <u>December 31</u>	Vocation in Private <u>Life</u>
Mrs. Kathy Mock	2010	2021	Retired Educator
Mr. Harold Porter	2012	2019	Business Owner
Dr. David Ritchie	1968	2019	Retired Podiatrist
Mrs. Robin Krempasky**	2018	2021	Retired Educator
Mr. Don Sherwood*	2018	2021	Business Owner

* President

** Vice President

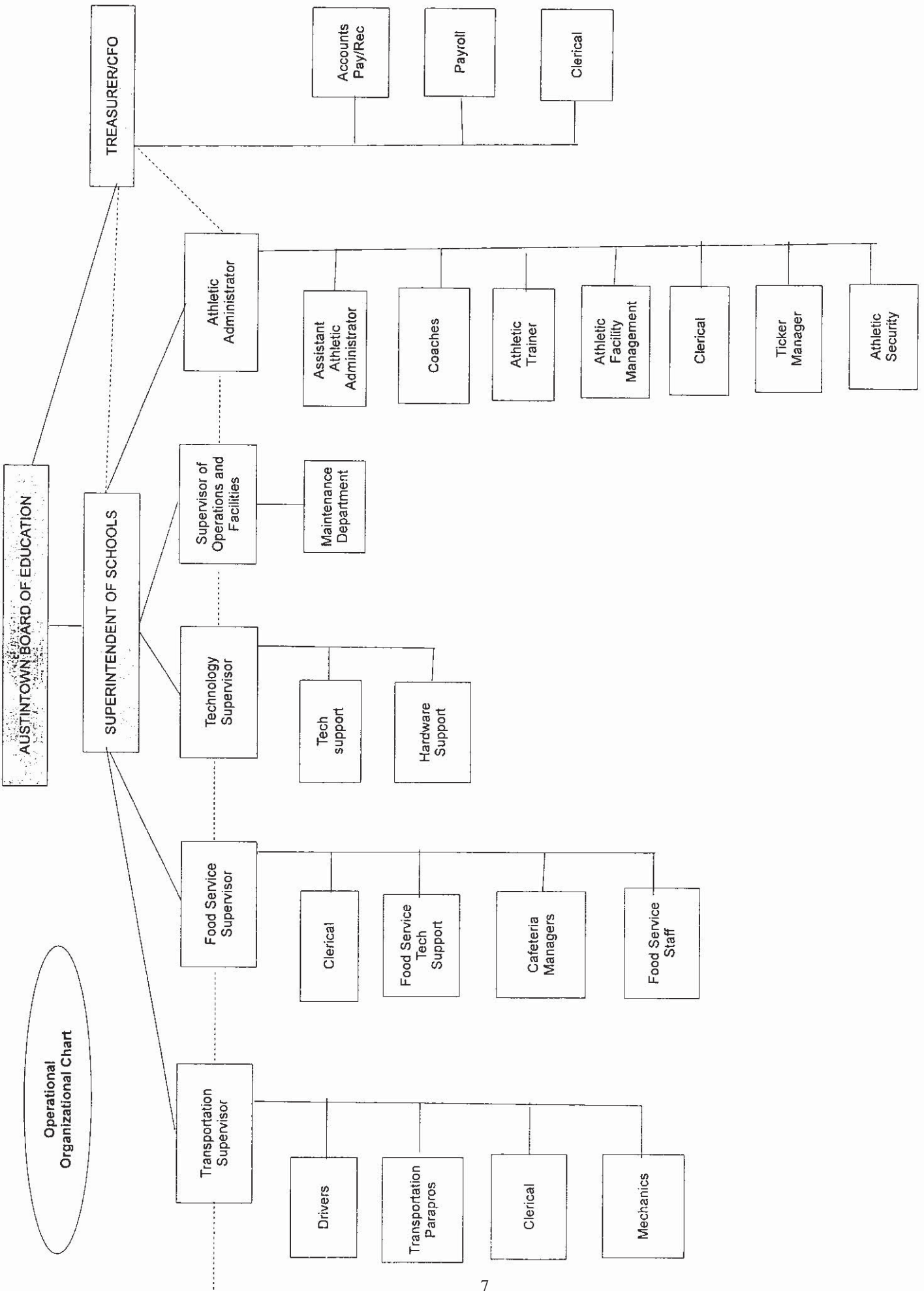
Central Office Administrative Staff

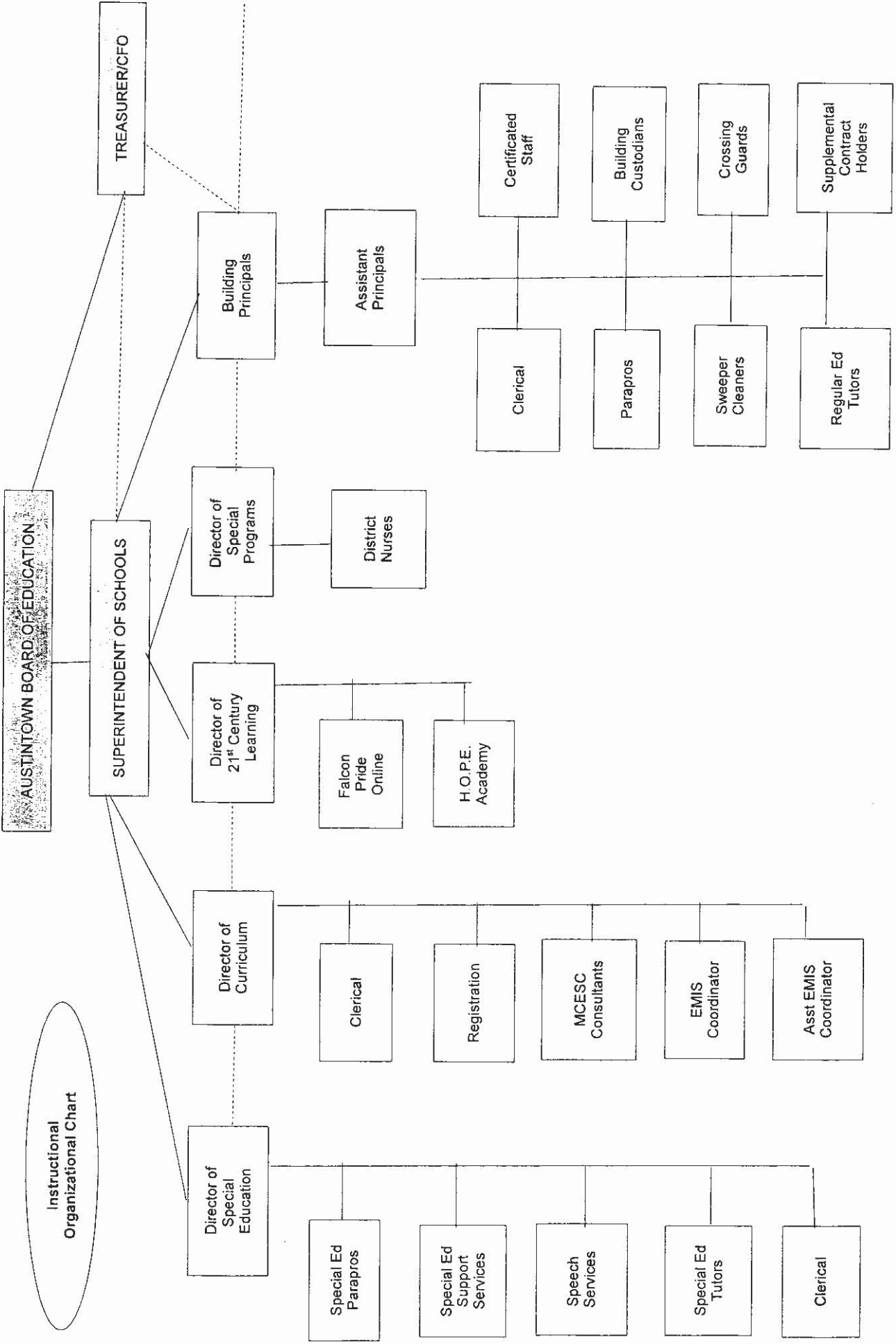
Superintendent	Mr. Vincent Colaluca
Assistant Superintendent	Mr. Jeremy Batchelor (Resigned 7/31/18)
Treasurer***	Mr. Arthur J. Ginnetti III (Resigned 5/4/18) Mr. Blaise Karlovic (Effective through 7/31/18)
Assistant Treasurer/Human Resources	Ms. Mary Ann Herschel (Retired 1/1/19)

*** Mr. Ryan Ghizzoni became Treasurer effective 8/1/18.

District Administrative Staff

Director of Special Education	Mrs. Becky Morris
Supervisor of Operations and Facilities	Mr. Rick Zimmermann
Transportation Supervisor	Ms. Paula Lipke
Technology Coordinator	Mr. Thomas Ventresco
Athletic Administrator	Mr. Lewis VanHoose
Director of 21 st Century Learning	Mr. Mariel Sallee
Director of Special Programs	Ms. Janet Polish





Instructional Organizational Chart



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Austintown Local School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Austintown Local School District
Mahoning County
700 South Raccoon Road
Austintown, Ohio 44515

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Austintown Local School District, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Austintown Local School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Austintown Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Austintown Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Austintown Local School District, Mahoning County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2018, the Austintown Local School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other postemployment benefit liabilities and pension and other postemployment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Austintown Local School District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the Austintown Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Austintown Local School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 27, 2018

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The management's discussion and analysis of Austintown Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position increased \$23,257,191. Net position of governmental activities increased \$23,262,639, which represents an 80.47% increase from 2017's restated net position. Net position of business-type activities decreased \$5,448 or 7.15% from 2017.
- General revenues accounted for \$42,319,222 in revenue or 77.33% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,405,890 or 22.67% of total governmental activities revenues.
- The District had \$31,462,473 in expenses related to governmental activities; only \$12,405,890 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$42,319,222 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$46,949,035 in revenues and other financing sources and \$45,309,439 in expenditures and other financing uses. The general fund's fund balance increased \$1,639,596 from \$4,014,167 to \$5,653,763.
- The bond retirement fund had \$3,990,306 in revenues and \$2,913,634 in expenditures. This fund accounts for the District's accumulation of resources for and payment of long-term debt obligations. The fund balance of the bond retirement fund increased \$1,076,672 from \$4,321,085 to a balance of \$5,397,757.
- Net position for the business-type activities decreased in 2018 by \$5,448. This decrease in net position was mainly due to operating expenses exceeding tuition and fees revenue.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's special enterprise operations are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 31-33 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds and the District's nonmajor enterprise fund begins on page 26. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 34-40 of this report.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 44 and 45. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 46-97 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 100-113 of this report.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2018 and June 30, 2017. Governmental activities net position at June 30, 2017 has been restated as described in Note 3.A.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>Restated 2017</u>
<u>Assets</u>						
Current assets	\$ 49,953,178	\$ 49,346,447	\$ 69,083	\$ 76,324	\$ 50,022,261	\$ 49,422,771
Capital assets, net	<u>72,325,524</u>	<u>71,085,593</u>	<u>17,314</u>	<u>20,745</u>	<u>72,342,838</u>	<u>71,106,338</u>
Total assets	<u>122,278,702</u>	<u>120,432,040</u>	<u>86,397</u>	<u>97,069</u>	<u>122,365,099</u>	<u>120,529,109</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges	1,621,139	1,752,971	-	-	1,621,139	1,752,971
Pension	15,304,005	13,007,322	-	-	15,304,005	13,007,322
OPEB	<u>549,720</u>	<u>100,456</u>	<u>-</u>	<u>-</u>	<u>549,720</u>	<u>100,456</u>
Total deferred outflows of resources	<u>17,474,864</u>	<u>14,860,749</u>	<u>-</u>	<u>-</u>	<u>17,474,864</u>	<u>14,860,749</u>
<u>Liabilities</u>						
Current liabilities	6,512,564	5,897,148	15,699	20,923	6,528,263	5,918,071
Long-term liabilities:						
Due within one year	1,678,841	1,527,135	-	-	1,678,841	1,527,135
Net pension liability	52,454,274	72,822,725	-	-	52,454,274	72,822,725
Net OPEB liability	11,933,396	14,876,727	-	-	11,933,396	14,876,727
Other amounts	<u>47,430,526</u>	<u>47,067,259</u>	<u>-</u>	<u>-</u>	<u>47,430,526</u>	<u>47,067,259</u>
Total liabilities	<u>120,009,601</u>	<u>142,190,994</u>	<u>15,699</u>	<u>20,923</u>	<u>120,025,300</u>	<u>142,211,917</u>
<u>Deferred inflows of resources</u>						
Property taxes	19,320,265	19,359,036	-	-	19,320,265	19,359,036
Pension	4,561,870	2,652,666	-	-	4,561,870	2,652,666
OPEB	<u>1,509,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,509,098</u>	<u>-</u>
Total deferred inflows of resources	<u>25,391,233</u>	<u>22,011,702</u>	<u>-</u>	<u>-</u>	<u>25,391,233</u>	<u>22,011,702</u>
<u>Net Position</u>						
Net investment in capital assets	29,790,809	27,599,557	17,314	20,745	29,808,123	27,620,302
Restricted	11,108,296	9,859,803	-	-	11,108,296	9,859,803
Unrestricted (deficit)	<u>(46,546,373)</u>	<u>(66,369,267)</u>	<u>53,384</u>	<u>55,401</u>	<u>(46,492,989)</u>	<u>(66,313,866)</u>
Total net position	<u>\$ (5,647,268)</u>	<u>\$ (28,909,907)</u>	<u>\$ 70,698</u>	<u>\$ 76,146</u>	<u>\$ (5,576,570)</u>	<u>\$ (28,833,761)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange"—that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

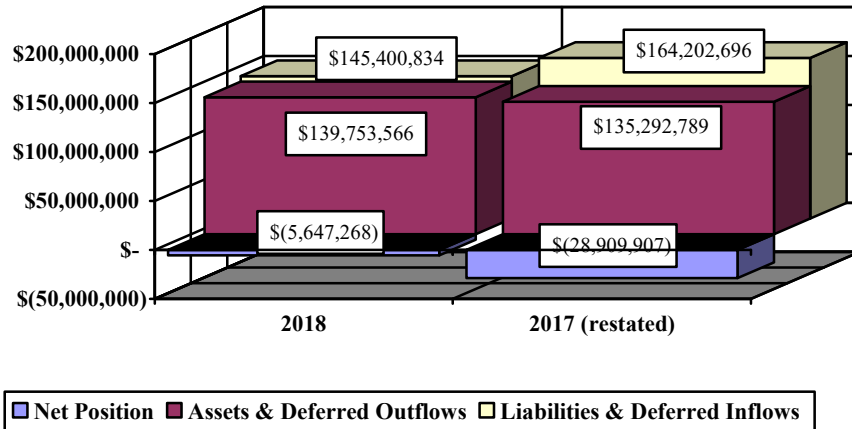
As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental activities net position at June 30, 2017, from a deficit of \$14,133,636 to a deficit of \$28,909,907.

At year-end, capital assets represented 59.12% of total assets. Capital assets include, land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. The District’s net investment in capital assets at June 30, 2018 was \$29,808,123. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$11,108,296, represents resources that are subject to external restriction on how they may be used. Of this amount, \$4,377,513 is restricted for debt service. The remaining balance of governmental activities unrestricted net position is a deficit balance of \$46,546,373.

The graphs below present the District’s governmental and business-type assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018 and June 30, 2017. Net position of the governmental activities at June 30, 2017 has been restated as described in Note 3.A.

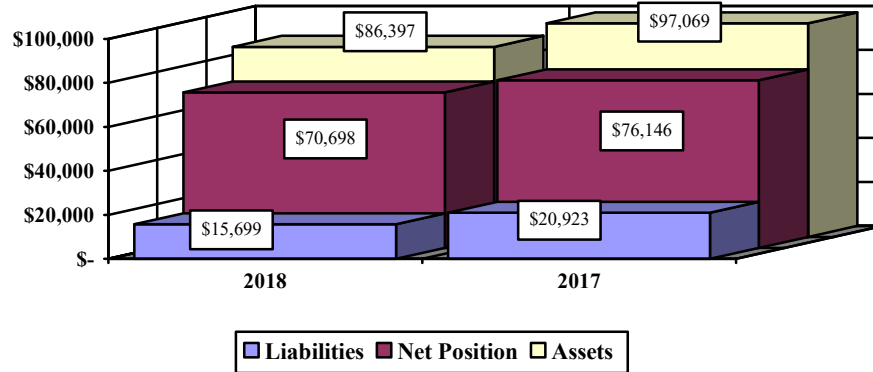
Governmental – Net Position



**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Business-Type – Net Position



The table below shows the changes in net position for fiscal year 2018 and 2017. Net position of the governmental activities at June 30, 2017 has been restated as described in Note 3.A.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Revenues						
Program revenues:						
Charges for services and sales	\$ 5,932,119	\$ 6,074,186	\$ 32,580	\$ 33,705	\$ 5,964,699	\$ 6,107,891
Operating grants and contributions	6,374,962	7,313,939	-	-	6,374,962	7,313,939
Capital grants and contributions	98,809	-	-	-	98,809	-
General revenues:						
Property taxes	19,952,552	19,458,006	-	-	19,952,552	19,458,006
Unrestricted grants and entitlements	22,078,310	22,180,062	-	-	22,078,310	22,180,062
Investment earnings	156,449	20,548	-	-	156,449	20,548
Gain on sale of capital assets	-	1,484,030	-	-	-	1,484,030
Other	131,911	75,219	-	-	131,911	75,219
Total revenues	54,725,112	56,605,990	32,580	33,705	54,757,692	56,639,695

- - Continued

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change in Net Position - (Continued)

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Expenses						
Program expenses:						
Instruction:						
Regular	10,424,769	22,520,187	-	-	10,424,769	22,520,187
Special	3,990,260	6,262,278	-	-	3,990,260	6,262,278
Vocational	57,871	252,681	-	-	57,871	252,681
Other	3,117,409	2,923,523	-	-	3,117,409	2,923,523
Support services:						
Pupil	1,767,133	2,766,063	-	-	1,767,133	2,766,063
Instructional staff	570,278	1,047,596	-	-	570,278	1,047,596
Board of education	70,354	78,160	-	-	70,354	78,160
Administration	2,194,107	4,577,641	-	-	2,194,107	4,577,641
Fiscal	659,954	1,012,466	-	-	659,954	1,012,466
Business	14,764	3,816	-	-	14,764	3,816
Operations and maintenance	3,237,215	4,716,927	-	-	3,237,215	4,716,927
Pupil transportation	1,277,316	2,256,766	-	-	1,277,316	2,256,766
Central	91,718	72,094	-	-	91,718	72,094
Operation of non-instructional services:						
Food service operations	1,334,301	2,059,632	-	-	1,334,301	2,059,632
Other non-instructional services	721	8,368	-	-	721	8,368
Extracurricular activities	729,298	1,164,038	-	-	729,298	1,164,038
Interest and fiscal charges	1,925,005	2,166,380	-	-	1,925,005	2,166,380
Special enterprise	-	-	38,028	57,275	38,028	57,275
Total expenses	31,462,473	53,888,616	38,028	57,275	31,500,501	53,945,891
Changes in net position	23,262,639	2,717,374	(5,448)	(23,570)	23,257,191	2,693,804
Net position at beginning of year (restated)	(28,909,907)	N/A	76,146	99,716	(28,833,761)	N/A
Net position at end of year	\$ (5,647,268)	\$ (28,909,907)	\$ 70,698	\$ 76,146	\$ (5,576,570)	\$ (28,833,761)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$100,456 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$1,758,330. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities
Total 2018 program expenses under GASB 75	\$ 31,462,473
Negative OPEB expense under GASB 75	1,758,330
2018 contractually required contributions	125,167
Adjusted 2018 program expenses	33,345,970
Total 2017 program expenses under GASB 45	53,888,616
Decrease in program expenses not related to OPEB	\$ (20,542,646)

Overall, expenses of the governmental activities decreased \$22,426,143 or 41.62%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported (\$17,164,144) in pension expense and (\$1,758,330) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 follows:

	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Program expenses:			
Instruction:			
Regular	\$ (9,406,930)	\$ 2,741,948	\$ (12,148,878)
Special	(2,005,569)	543,507	(2,549,076)
Vocational	(104,760)	28,490	(133,250)
Support services:			
Pupil	(803,624)	225,829	(1,029,453)
Instructional staff	(374,149)	103,867	(478,016)
Board of education	-	2,581	(2,581)
Administration	(1,558,254)	477,183	(2,035,437)
Fiscal	(209,062)	59,704	(268,766)
Operations and maintenance	(1,044,115)	313,854	(1,357,969)
Pupil transportation	(861,174)	221,430	(1,082,604)
Operation of non-instructional services:			
Food service operations	(452,783)	168,229	(621,012)
Other non-instructional services	(4,335)	714	(5,049)
Extracurricular activities	(339,389)	115,343	(454,732)
Total	\$ (17,164,144)	\$ 5,002,679	\$ (22,166,823)

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Governmental Activities

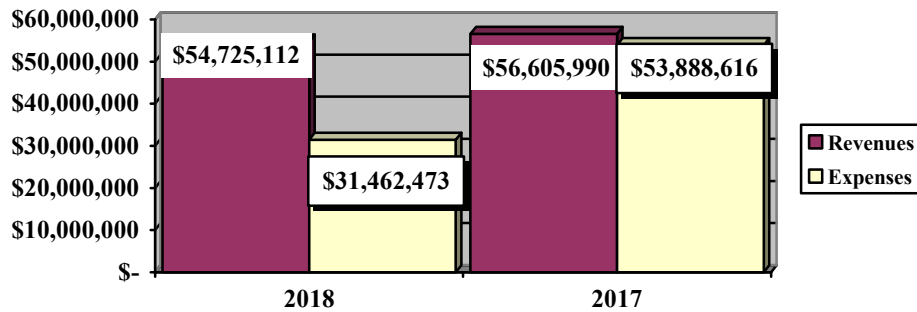
For fiscal year 2018, the net position of the District’s governmental activities increased \$23,262,639. Total governmental expenses of \$31,462,473 were offset by program revenues of \$12,405,890 and general revenues of \$42,319,222. Program revenues supported 39.43% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 76.80% of total governmental revenue. Real estate property is reappraised every six years.

In fiscal year 2017, the District sold the old Austintown Middle School property on Mahoning Road and also sold the land where the demolished Lloyd Elementary once stood. The result of these transactions was a gain of \$1,484,030, which will be used for future capital projects.

The graph below presents the District’s governmental activities revenue and expenses for fiscal year 2018 and 2017.

Governmental Activities - Revenues and Expenses



**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Program expenses:				
Instruction:				
Regular	\$ 10,424,769	\$ 5,772,076	\$ 22,520,187	\$ 17,639,629
Special	3,990,260	(183,566)	6,262,278	1,858,357
Vocational	57,871	(154,082)	252,681	41,044
Other	3,117,409	3,117,409	2,923,523	2,923,523
Support services:				
Pupil	1,767,133	1,734,423	2,766,063	2,677,807
Instructional staff	570,278	335,992	1,047,596	797,855
Board of education	70,354	70,354	78,160	78,160
Administration	2,194,107	1,784,150	4,577,641	3,633,839
Fiscal	659,954	659,954	1,012,466	1,012,018
Business	14,764	14,764	3,816	3,816
Operations and maintenance	3,237,215	3,229,334	4,716,927	4,703,721
Pupil transportation	1,277,316	1,158,009	2,256,766	2,150,163
Central	91,718	84,518	72,094	64,894
Operation of non-instructional services:				
Food service operations	1,334,301	(768,509)	2,059,632	(45,678)
Other non-instructional services	721	(6,295)	8,368	(11,182)
Extracurricular activities	729,298	283,047	1,164,038	806,145
Interest and fiscal charges	<u>1,925,005</u>	<u>1,925,005</u>	<u>2,166,380</u>	<u>2,166,380</u>
Total expenses	<u><u>\$ 31,462,473</u></u>	<u><u>\$ 19,056,583</u></u>	<u><u>\$ 53,888,616</u></u>	<u><u>\$ 40,500,491</u></u>

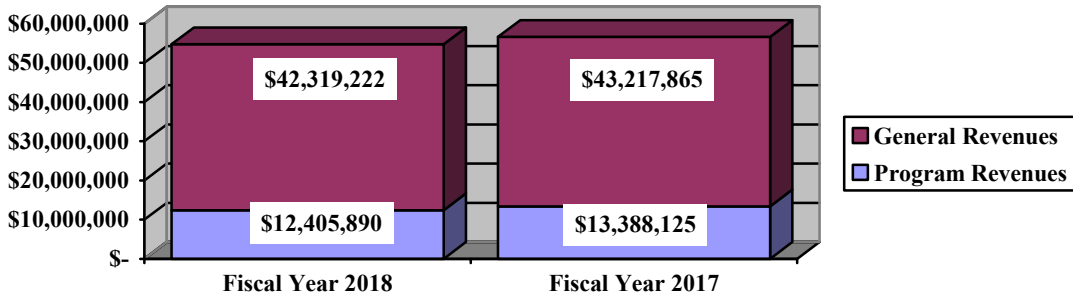
The dependence upon tax revenues during fiscal year 2018 for governmental activities is apparent, as 48.62% of 2018 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 60.57%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for District's students.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The graph below presents the District's governmental activities revenue for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



Business-type Activities

Business-type activities include special enterprise operations. These programs had revenues of \$32,580 and expenses of \$38,028 for fiscal year 2018. The District's business-type activities receive no support from tax revenues.

The District's Funds

The District's governmental funds reported a combined fund balance of \$21,612,906, which is greater than last year fund's total of \$21,397,145.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance <u>June 30, 2018</u>	Fund Balance <u>June 30, 2017</u>	Increase <u>(Decrease)</u>
General	\$ 5,653,763	\$ 4,014,167	\$ 1,639,596
Bond retirement	5,397,757	4,321,085	1,076,672
Other governmental	<u>10,561,386</u>	<u>13,061,893</u>	<u>(2,500,507)</u>
Total	<u>\$ 21,612,906</u>	<u>\$ 21,397,145</u>	<u>\$ 215,761</u>

General Fund

The District's general fund balance increased \$1,639,596, which is primarily due to the lease purchase agreement entered into towards the end of the fiscal year. The District received the cash but had not spent any the lease purchase proceeds as of June 30, 2018. The table that follows assists in illustrating the revenues of the general fund.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 16,747,149	\$ 16,604,162	\$ 142,987	0.86 %
Intergovernmental	23,619,902	23,679,640	(59,738)	(0.25) %
Other revenues	<u>5,048,435</u>	<u>5,128,318</u>	<u>(79,883)</u>	(1.56) %
Total	<u>\$ 45,415,486</u>	<u>\$ 45,412,120</u>	<u>\$ 3,366</u>	0.01 %

All revenue items within the general fund remained consistent with the prior fiscal year.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 29,208,719	\$ 27,284,169	\$ 1,924,550	7.05 %
Support services	14,507,684	14,579,563	(71,879)	(0.49) %
Operation of non-instructional services	6,439	774	5,665	731.91 %
Extracurricular activities	609,066	592,994	16,072	2.71 %
Facilities acquisition and construction	889,157	1,300	887,857	68,296.69 %
Debt service	<u>20,600</u>	<u>-</u>	<u>20,600</u>	100.00 %
Total	<u>\$ 45,241,665</u>	<u>\$ 42,458,800</u>	<u>\$ 2,782,865</u>	6.55 %

The most significant increase in expenditures during fiscal year 2018 was for instructional services. This was mainly the result of customary wage and benefit increases. The other significant difference was the increase in facilities acquisition and construction expenditures. The District began an LED lighting improvement project in fiscal year 2018 and that makes up the majority of those expenditures. Other expenditures remained consistent with the prior fiscal year.

Bond Retirement Fund

The bond retirement fund had \$3,990,306 in revenues and \$2,913,634 in expenditures. This fund accounts for the District's accumulation of resources for and payment of long-term debt obligations. During fiscal year 2018, the fund balance of the bond retirement fund increased \$1,076,672 from \$4,321,085 to \$5,397,757.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2018, the District amended its general fund budget numerous times, none significant. The District uses budgeting systems to tightly control local budgets but provide flexibility for management.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

For the general fund, final budgeted revenues and other financing sources were \$45,470,230, which was increased from the original budgeted revenues and other financing sources estimate of \$45,309,925. This increase was due to changes in the State Foundation formula which resulted in an estimated increase in intergovernmental revenue and conservative budgeting. Actual revenues and other financing sources for fiscal 2018 were \$45,200,397. This represents a \$269,833 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$48,761,215 were increased to \$50,692,533 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled \$47,197,678, which was \$3,494,855 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had \$72,342,838 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Of this total, \$72,325,524 was reported in governmental activities and \$17,314 was reported in business-type activities.

The following table shows fiscal 2018 balances compared to 2017:

**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 779,851	\$ 779,851	\$ -	\$ -	\$ 779,851	\$ 779,851
Construction in progress	739,915	-	-	-	739,915	-
Land improvements	3,701,301	1,913,154	-	-	3,701,301	1,913,154
Building and improvements	64,180,719	66,188,179	-	-	64,180,719	66,188,179
Furniture and equipment	1,219,539	1,011,663	17,314	20,745	1,236,853	1,032,408
Vehicles	<u>1,704,199</u>	<u>1,192,746</u>	<u>-</u>	<u>-</u>	<u>1,704,199</u>	<u>1,192,746</u>
Total	<u>\$ 72,325,524</u>	<u>\$ 71,085,593</u>	<u>\$ 17,314</u>	<u>\$ 20,745</u>	<u>\$ 72,342,838</u>	<u>\$ 71,106,338</u>

Capital assets of the governmental activities increased \$1,239,931, which is due to capital outlays of \$4,073,280 being greater than depreciation expense of \$2,833,349. Capital assets of the business-type activities decreased \$3,431, which is due to depreciation expense in the current year.

See Note 8 to the basic financial statements for detail on the District's capital assets.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Debt Administration

At June 30, 2018 the District had \$43,682,566 in a House Bill 264 loan, lease purchase obligation and general obligation bonds outstanding. Of this total, \$1,281,481 is due within one year and \$42,401,085 is due in greater than one year. The following table summarizes the bonds, lease purchase and loans outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
House Bill 264 loan	\$ 100,680	\$ 130,684
Lease purchase obligation	1,450,000	-
General obligation bonds	<u>42,131,886</u>	<u>43,004,634</u>
 Total	 <u>\$ 43,682,566</u>	 <u>\$ 43,135,318</u>

During fiscal 2004, the District issued \$26,000,000 in current interest and capital appreciation bonds. The bonds bear an annual interest rate of 2.00% - 5.13% and mature on December 1, 2030. These bonds were refunded during fiscal year 2012.

The District issued a House Bill 264 loan to provide for energy improvements to various District buildings. The House Bill 264 loan bears an interest rate of 4.75% and matures on October 1, 2021.

During fiscal year 2011, the District issued \$26,680,000 in general obligation bonds. The bonds bear interest rates ranging from 2% to 6% and mature on November 1, 2047. The Build America Bonds portion of these bonds were refunded during fiscal year 2017.

During fiscal year 2018, the District entered into a \$1,450,000 lease purchase agreement. The lease purchase agreement bears an interest rate of 3.302% and matures on December 1, 2028.

At June 30, 2018 the District's overall legal debt margin was \$19,469,390 with an unvoted debt margin of \$614,185.

See Note 9 to the basic financial statements for more detail on the District's long-term obligations.

Current Financial Related Activities

The District has completed two building projects. Austintown Middle School for grades 6-8 opened in 2007. This replaced an original high school that was converted into a middle school, and realigned the District to include an intermediate school.

Austintown Elementary and Austintown Intermediate Schools for grades K-2 and 3-5 opened in 2013. These two buildings replaced the intermediate school and four elementary schools. All District schools are now on one campus property. All of the replaced buildings have been demolished except for the former Lynn Kirk Elementary. It is still being used for District offices (Food Service, Registration, EMIS, and Special Education) and Mahoning County ESC programs (preschool and special education).

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

For both building projects, the community passed bond issues. The Elementary/Intermediate schools project was in a partnership with the Ohio Facilities Construction Commission (OFCC) with the state paying 47% of the cost.

The current high school was built in the late 1960's. This building has served the District well, however, it is in need of upgrades and repairs. The Board of Education is conducting studies as to the best way to handle this issue for the long-term success of the District.

The District is financially sound. The District relies on property tax revenues and state foundation funds to provide the resources necessary to support and maintain educational programs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ryan Ghizzoni, Treasurer, Austintown Local School District, 700 S. Raccoon Road, Austintown, Ohio 44515.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 21,248,326	\$ 69,083	\$ 21,317,409
Receivables:			
Property taxes	21,700,377	-	21,700,377
Accounts	11,112	-	11,112
Intergovernmental	2,604,590	-	2,604,590
Prepayments	125,956	-	125,956
Inventory held for resale.	47,130	-	47,130
Loans to other funds.	1,003	-	1,003
Restricted assets:			
Cash with escrow agent	4,214,684	-	4,214,684
Capital assets:			
Nondepreciable capital assets	1,519,766	-	1,519,766
Depreciable capital assets, net.	70,805,758	17,314	70,823,072
Capital assets, net.	<u>72,325,524</u>	<u>17,314</u>	<u>72,342,838</u>
Total assets.	<u>122,278,702</u>	<u>86,397</u>	<u>122,365,099</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,621,139	-	1,621,139
Pension	15,304,005	-	15,304,005
OPEB	549,720	-	549,720
Total deferred outflows of resources	<u>17,474,864</u>	<u>-</u>	<u>17,474,864</u>
Liabilities:			
Accounts payable.	218,921	199	219,120
Contracts payable.	209,166	-	209,166
Accrued wages and benefits	4,866,410	15,500	4,881,910
Intergovernmental payable	236,003	-	236,003
Pension and postemployment benefits payable.	638,134	-	638,134
Accrued interest payable.	343,930	-	343,930
Long-term liabilities:			
Due within one year.	1,678,841	-	1,678,841
Due in more than one year:			
Net pension liability	52,454,274	-	52,454,274
Net OPEB liability	11,933,396	-	11,933,396
Other amounts due in more than one year .	47,430,526	-	47,430,526
Total liabilities	<u>120,009,601</u>	<u>15,699</u>	<u>120,025,300</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	19,320,265	-	19,320,265
Pension	4,561,870	-	4,561,870
OPEB	1,509,098	-	1,509,098
Total deferred inflows of resources	<u>25,391,233</u>	<u>-</u>	<u>25,391,233</u>
Net position:			
Net investment in capital assets	29,790,809	17,314	29,808,123
Restricted for:			
Capital projects	2,383,010	-	2,383,010
Classroom facilities maintenance	2,654,469	-	2,654,469
Debt service.	4,377,513	-	4,377,513
Locally funded programs	71,506	-	71,506
State funded programs.	7,200	-	7,200
Federally funded programs	1,224,649	-	1,224,649
Student activities	147,657	-	147,657
Other purposes	242,292	-	242,292
Unrestricted (deficit)	<u>(46,546,373)</u>	<u>53,384</u>	<u>(46,492,989)</u>
Total net position.	<u>\$ (5,647,268)</u>	<u>\$ 70,698</u>	<u>\$ (5,576,570)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Instruction:				
Regular	\$ 10,424,769	\$ 4,561,556	\$ 91,137	\$ -
Special	3,990,260	112,746	4,061,080	-
Vocational	57,871	-	211,953	-
Other	3,117,409	-	-	-
Support services:				
Pupil	1,767,133	-	32,710	-
Instructional staff	570,278	27,946	206,340	-
Board of education	70,354	-	-	-
Administration.	2,194,107	188,500	221,457	-
Fiscal.	659,954	-	-	-
Business.	14,764	-	-	-
Operations and maintenance	3,237,215	6,210	1,671	-
Pupil transportation.	1,277,316	-	119,307	-
Central	91,718	-	7,200	-
Operation of non-instructional services:				
Food service operations	1,334,301	653,104	1,412,865	36,841
Other non-instructional services	721	7,016	-	-
Extracurricular activities.	729,298	375,041	9,242	61,968
Interest and fiscal charges	1,925,005	-	-	-
Total governmental activities	<u>31,462,473</u>	<u>5,932,119</u>	<u>6,374,962</u>	<u>98,809</u>
Business-type activities:				
Special enterprise	<u>38,028</u>	<u>32,580</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 31,500,501</u>	<u>\$ 5,964,699</u>	<u>\$ 6,374,962</u>	<u>\$ 98,809</u>

General revenues:

Property taxes levied for:

- General purposes
- Debt service.
- Classroom facilities maintenance.

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous.

Total general revenues.

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (5,772,076)	\$ -	\$ (5,772,076)
183,566	-	183,566
154,082	-	154,082
(3,117,409)	-	(3,117,409)
(1,734,423)	-	(1,734,423)
(335,992)	-	(335,992)
(70,354)	-	(70,354)
(1,784,150)	-	(1,784,150)
(659,954)	-	(659,954)
(14,764)	-	(14,764)
(3,229,334)	-	(3,229,334)
(1,158,009)	-	(1,158,009)
(84,518)	-	(84,518)
768,509	-	768,509
6,295	-	6,295
(283,047)	-	(283,047)
(1,925,005)	-	(1,925,005)
<u>(19,056,583)</u>	<u>-</u>	<u>(19,056,583)</u>
-	(5,448)	(5,448)
<u>(19,056,583)</u>	<u>(5,448)</u>	<u>(19,062,031)</u>
16,866,792	-	16,866,792
2,821,914	-	2,821,914
263,846	-	263,846
22,078,310	-	22,078,310
156,449	-	156,449
131,911	-	131,911
<u>42,319,222</u>	<u>-</u>	<u>42,319,222</u>
23,262,639	(5,448)	23,257,191
<u>(28,909,907)</u>	<u>76,146</u>	<u>(28,833,761)</u>
<u>\$ (5,647,268)</u>	<u>\$ 70,698</u>	<u>\$ (5,576,570)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 7,660,474	\$ 2,576,501	\$ 11,011,351	\$ 21,248,326
Receivables:				
Property taxes.	18,376,787	3,039,206	284,384	21,700,377
Accounts	1,112	-	10,000	11,112
Interfund loans	65,984	-	-	65,984
Intergovernmental.	425,507	-	2,179,083	2,604,590
Prepayments.	121,871	-	4,085	125,956
Inventory held for resale.	-	-	47,130	47,130
Due from other funds	1,784,039	-	-	1,784,039
Loans to other funds.	1,003	-	-	1,003
Restricted assets:				
Cash with escrow agent.	1,429,684	2,785,000	-	4,214,684
Total assets	<u>\$ 29,866,461</u>	<u>\$ 8,400,707</u>	<u>\$ 13,536,033</u>	<u>\$ 51,803,201</u>
Liabilities:				
Accounts payable	\$ 203,534	\$ -	\$ 15,387	\$ 218,921
Contracts payable.	167,595	-	41,571	209,166
Accrued wages and benefits	4,526,576	-	339,834	4,866,410
Compensated absences payable	70,655	-	-	70,655
Intergovernmental payable	222,069	-	13,934	236,003
Pension and postemployment benefits payable.	600,320	-	37,814	638,134
Interfund loans payable.	-	-	65,984	65,984
Due to other funds	-	-	1,784,039	1,784,039
Total liabilities.	<u>5,790,749</u>	<u>-</u>	<u>2,298,563</u>	<u>8,089,312</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	16,302,070	2,759,947	258,248	19,320,265
Delinquent property tax revenue not available.	1,860,565	243,003	22,744	2,126,312
Intergovernmental revenue not available.	259,314	-	395,092	654,406
Total deferred inflows of resources	<u>18,421,949</u>	<u>3,002,950</u>	<u>676,084</u>	<u>22,100,983</u>
Fund balances:				
Nonspendable:				
Prepays.	121,871	-	4,085	125,956
Restricted:				
Debt service	-	5,397,757	-	5,397,757
Capital improvements	1,429,684	-	2,403,326	3,833,010
Classroom facilities maintenance	-	-	2,631,725	2,631,725
Food service operations	-	-	312,422	312,422
Extracurricular activities.	-	-	147,657	147,657
Other purposes.	-	-	1,129,355	1,129,355
Committed:				
Capital improvements	727,417	-	4,147,626	4,875,043
Extracurricular.	-	-	23,447	23,447
Assigned:				
Student instruction	102,737	-	-	102,737
Student and staff support.	1,463,682	-	-	1,463,682
Subsequent year's appropriations	224,948	-	-	224,948
Other purposes.	662,685	-	-	662,685
Unassigned (deficit).	920,739	-	(238,257)	682,482
Total fund balances	<u>5,653,763</u>	<u>5,397,757</u>	<u>10,561,386</u>	<u>21,612,906</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 29,866,461</u>	<u>\$ 8,400,707</u>	<u>\$ 13,536,033</u>	<u>\$ 51,803,201</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		\$	21,612,906
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			72,325,524
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,126,312	
Intergovernmental receivable		654,406	
Total			2,780,718
Unamortized premiums on bonds issued are not recognized in the funds.			(2,641,008)
Unamortized amounts on refundings are not recognized in the funds.			1,621,139
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(343,930)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		15,304,005	
Deferred inflows - pension		(4,561,870)	
Net pension liability		(52,454,274)	
Deferred outflows - OPEB		549,720	
Deferred inflows - OPEB		(1,509,098)	
Net OPEB liability		(11,933,396)	
Total			(54,604,913)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(42,131,886)	
Lease purchase obligation		(1,450,000)	
Compensated absences		(2,715,138)	
House Bill 264 loan		(100,680)	
Total			(46,397,704)
Net position of governmental activities		\$	(5,647,268)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 16,747,149	\$ 2,805,449	\$ 262,472	\$ 19,815,070
Tuition.	4,493,718	-	-	4,493,718
Earnings on investments	156,755	-	2,400	159,155
Charges for services	991	-	653,104	654,095
Extracurricular.	188,500	-	347,857	536,357
Classroom materials and fees	175,421	-	1,334	176,755
Other local revenues	33,050	-	126,562	159,612
Intergovernmental - intermediate	-	-	45,925	45,925
Intergovernmental - state	23,619,902	422,485	46,819	24,089,206
Intergovernmental - federal	-	762,372	3,955,067	4,717,439
Total revenues	<u>45,415,486</u>	<u>3,990,306</u>	<u>5,441,540</u>	<u>54,847,332</u>
Expenditures:				
Current:				
Instruction:				
Regular.	21,191,445	-	120,424	21,311,869
Special.	4,705,572	-	1,728,772	6,434,344
Vocational	194,293	-	15,052	209,345
Other	3,117,409	-	-	3,117,409
Support services:				
Pupil	2,692,400	-	42,332	2,734,732
Instructional staff.	700,940	-	285,305	986,245
Board of education	70,354	-	-	70,354
Administration	3,871,351	-	287,423	4,158,774
Fiscal	856,846	50,085	4,657	911,588
Business.	14,764	-	-	14,764
Operations and maintenance	4,220,871	-	108,094	4,328,965
Pupil transportation	1,995,640	-	908,775	2,904,415
Central	84,518	-	7,200	91,718
Operation of non-instructional services				
Food service operations.	-	-	1,862,728	1,862,728
Other non-instructional services.	6,439	-	-	6,439
Extracurricular activities.	609,066	-	656,103	1,265,169
Facilities acquisition and construction	889,157	-	1,989,084	2,878,241
Debt service:				
Principal retirement.	-	1,100,004	-	1,100,004
Interest and fiscal charges	-	1,763,545	-	1,763,545
Issuance costs	20,600	-	-	20,600
Total expenditures	<u>45,241,665</u>	<u>2,913,634</u>	<u>8,015,949</u>	<u>56,171,248</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>173,821</u>	<u>1,076,672</u>	<u>(2,574,409)</u>	<u>(1,323,916)</u>
Other financing sources (uses):				
Sale of capital assets	6,101	-	-	6,101
Transfers in.	-	-	545,251	545,251
Transfers (out)	(67,774)	-	(477,477)	(545,251)
Lease purchase agreement	1,450,000	-	-	1,450,000
Insurance recoveries	77,448	-	-	77,448
Total other financing sources (uses)	<u>1,465,775</u>	<u>-</u>	<u>67,774</u>	<u>1,533,549</u>
Net change in fund balances	1,639,596	1,076,672	(2,506,635)	209,633
Fund balances at beginning of year.	4,014,167	4,321,085	13,061,893	21,397,145
Increase in reserve for inventory	-	-	6,128	6,128
Fund balances at end of year.	<u>\$ 5,653,763</u>	<u>\$ 5,397,757</u>	<u>\$ 10,561,386</u>	<u>\$ 21,612,906</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds \$ 209,633

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$	4,073,280	
Current year depreciation		(2,833,349)	
Total			1,239,931

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.

6,128

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		137,482	
Intergovernmental		(343,251)	
Total			(205,769)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

1,100,004

Issuance of lease purchase agreements are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.

(1,450,000)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension		3,591,786	
OPEB		125,167	
Total			3,716,953

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities

Pension		17,164,144	
OPEB		1,758,330	
Total			18,922,474

-- Continued

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Increase in accrued interest payable	\$	(4,091)	
Accreted interest on capital appreciation bonds		(197,252)	
Amortization of bond premiums		192,315	
Amortization of deferred charges		(131,832)	
Total		(140,860)	\$ (140,860)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(135,855)

Change in net position of governmental activities

\$ 23,262,639

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
From local sources:				
Taxes	\$ 16,637,563	\$ 16,696,426	\$ 16,696,426	\$ -
Tuition.	4,483,619	4,499,482	4,493,593	(5,889)
Earnings on investments	109,612	110,000	156,165	46,165
Charges for services	988	991	991	-
Extracurricular.	4,051	4,065	4,064	(1)
Classroom materials and fees	66,883	67,120	66,869	(251)
Other local revenues	10,219	10,255	11,162	907
Intergovernmental - state	23,664,586	23,748,311	23,410,050	(338,261)
Total revenues	<u>44,977,521</u>	<u>45,136,650</u>	<u>44,839,320</u>	<u>(297,330)</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,771,179	22,633,485	21,063,080	1,570,405
Special.	4,942,874	5,138,650	4,551,387	587,263
Vocational.	196,781	204,575	210,439	(5,864)
Other.	2,799,133	2,910,000	3,117,410	(207,410)
Support services:				
Pupil.	2,707,848	2,815,100	2,688,585	126,515
Instructional staff	762,834	793,048	712,697	80,351
Board of education	88,577	92,085	86,932	5,153
Administration.	4,023,993	4,183,374	3,816,464	366,910
Fiscal	916,182	952,470	886,342	66,128
Business	13,226	13,750	14,764	(1,014)
Operations and maintenance.	4,440,859	4,616,751	5,442,147	(825,396)
Pupil transportation	1,970,335	2,048,375	2,136,194	(87,819)
Central.	79,343	82,486	82,374	112
Other non-instructional services	818	850	(796)	1,646
Extracurricular activities	448,823	466,600	599,393	(132,793)
Facilities acquisition and construction	1,568,798	1,630,934	1,630,928	6
Total expenditures	<u>46,731,603</u>	<u>48,582,533</u>	<u>47,038,340</u>	<u>1,544,193</u>
Excess of expenditures over revenues.	<u>(1,754,082)</u>	<u>(3,445,883)</u>	<u>(2,199,020)</u>	<u>1,246,863</u>
Other financing sources (uses):				
Refund of prior year's expenditures	224,207	225,000	222,968	(2,032)
Transfers in.	24,912	25,000	-	(25,000)
Transfers (out)	(2,029,612)	(2,110,000)	(92,350)	2,017,650
Advances in	-	-	54,560	54,560
Advances (out).	-	-	(66,988)	(66,988)
Insurance recoveries	77,181	77,454	77,448	(6)
Sale of capital assets	6,104	6,126	6,101	(25)
Total other financing sources (uses)	<u>(1,697,208)</u>	<u>(1,776,420)</u>	<u>201,739</u>	<u>1,978,159</u>
Net change in fund balance	(3,451,290)	(5,222,303)	(1,997,281)	3,225,022
Fund balance at beginning of year	7,630,943	7,630,943	7,630,943	-
Prior year encumbrances appropriated	639,081	639,081	639,081	-
Fund balance at end of year	<u>\$ 4,818,734</u>	<u>\$ 3,047,721</u>	<u>\$ 6,272,743</u>	<u>\$ 3,225,022</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Business-type Activities
	Nonmajor Enterprise Fund
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 69,083
Noncurrent assets:	
Depreciable capital assets, net	17,314
Total assets.	86,397
Liabilities:	
Current liabilities:	
Accounts payable.	199
Accrued wages and benefits	15,500
Total liabilities	15,699
Net position:	
Investment in capital assets	17,314
Unrestricted.	53,384
Total net position.	\$ 70,698

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities
	Nonmajor Enterprise Fund
Operating revenues:	
Tuition and fees.	\$ 32,580
Operating expenses:	
Personal services.	30,766
Contractual services.	2,686
Materials and supplies	1,145
Depreciation	3,431
Total operating expenses.	38,028
Operating loss/change in net position	(5,448)
Net position at beginning of year.	76,146
Net position at end of year	\$ 70,698

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities
	Nonmajor Enterprise Fund
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 33,090
Cash payments for personal services.	(36,161)
Cash payments for contractual services	(2,686)
Cash payments for materials and supplies	(946)
	(6,703)
Net cash used in operating activities	(6,703)
Net decrease in cash and cash cash equivalents	(6,703)
Cash and cash equivalents at beginning of year . . .	75,786
Cash and cash equivalents at end of year	\$ 69,083
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (5,448)
Adjustments:	
Depreciation.	3,431
Changes in assets and liabilities:	
Decrease in accounts receivable.	510
Decrease in prepayments	28
Increase in accounts payable	199
Decrease in accrued wages and benefits	(5,423)
	(5,423)
Net cash used in operating activities.	\$ (6,703)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 78,821	\$ 122,524
Total assets.	78,821	\$ 122,524
Liabilities:		
Accounts payable.	-	\$ 80
Loans from other funds	-	1,003
Intergovernmental payable	-	5,485
Due to students.	-	63,369
Due to others	-	52,587
Total liabilities	-	\$ 122,524
Net position:		
Held in trust for scholarships	78,821	
Total net position.	\$ 78,821	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 613
Gifts and contributions	15,434
Total additions	16,047
Deductions:	
Scholarships awarded	16,490
Change in net position	(443)
Net position at beginning of year	79,264
Net position at end of year	\$ 78,821

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Austintown Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five member Board of Education (the “Board”) which provides educational services.

The District is staffed by 271 non-certified and 339 certified personnel to provide services to approximately 4,593 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The members have an ongoing financial interest in ACCESS, however, they do not have an equity interest. Financial information can be obtained from the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 7300 North Palmyra Road, Canfield, Ohio 44406.

Mahoning County Career & Technical Center

The Mahoning County Career & Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Career & Technical Center, at 7300 North Palmyra Road, Canfield, Ohio 44406.

PUBLIC ENTITY RISK POOLS

Stark County Schools Council of Governments

The Stark County Schools Council of Governments (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care and dental benefits. The Council is governed by an Assembly which consists of one representative from each participating school district (usually the superintendent or designee). The Assembly elects officers for one year terms to serve on the Board of Directors. The Assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. Financial information can be obtained from the Treasurer for the Stark County Educational Service Center, who serves as fiscal agent, at 6057 Strip Avenue NW, North Canton, Ohio 44720.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds. The District has no internal service funds.

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise fund accounts for community center and summer school operations.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private-purpose trust funds, investment trust funds, pension trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student managed activities and Ohio High School Athletic Association (OHSAA) tournament monies.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the special enterprise fund are tuition and fees. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to the District's net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable for the fiscal year is as follows:

1. The Mahoning County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th. The Budget Commission now requires an alternate tax budget be submitted by January 20th, which no longer requires specific Board approval.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed by the Board of Education.
3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures for the general fund. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
4. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
6. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2018. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.
7. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2018, investments were limited to a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the general fund during fiscal 2018 amounted to \$156,755, which includes \$98,185 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

Inventories consist of donated food and purchased food.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$4,000 for its capital assets. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 30 years	N/A
Building/improvements	10 - 40 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 - 15 years	N/A
Textbooks	7 years	N/A

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2018 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, lease purchase agreements and long-term loans are recognized as a liability in the fund financial statements when due.

K. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes amounts restricted for food service operations.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase, and the expenditure/expense is reported in the year in which services are consumed.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Unamortized Bond Premium and Deferred Charges on Refunding

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.G.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or inflow of resources on the statement of net position.

P. Capital Contributions

Capital contributions in proprietary fund financial statements arise from outside contributions of capital assets, or from grants, or outside contributions of resources restricted to capital acquisition and construction. The enterprise fund did not receive any capital contributions from governmental funds during fiscal year 2018.

Q. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. See Note 9.B. for further detail on restricted assets related to the bond sinking fund deposits with fiscal agent. See Note 9.F. for further detail on restricted assets related to the lease-purchase agreement deposits with fiscal agent.

R. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2018.

T. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund loans that are used to cover negative cash balances are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

Loans made to the agency fund are reported as "loans to/from other funds."

U. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

V. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 81 "Irrevocable Split-Interest Agreements" GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements and added required supplementary information.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ (14,133,636)
Deferred outflows - payments subsequent to measurement date	100,456
Net OPEB liability	(14,876,727)
Restated net position at July 1, 2017	\$ (28,909,907)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances, net position of the business-type activities or the nonmajor enterprise fund.

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Title VI-B	\$ 136,976
Title I	54,368
Improving teacher quality	46,913

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Compliance

Throughout the fiscal year, the District had negative fund balances in the Title VI-B fund, Title I fund, and Improving Teacher Quality fund, contrary to Ohio Revised Code Section 5705.10.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At fiscal year-end, \$2,785,000 was on deposit with a fiscal agent for required sinking fund deposits relating to the District's general obligation bonds. These funds are not included in "deposits with financial institutions" below.

At fiscal year-end, \$1,429,684 was on deposit with a fiscal agent for the District's lease purchase obligation. These funds are not included in "deposits with financial institutions" below.

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all District deposits was \$659,665 exclusive of the repurchase agreement reported in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2018, \$1,250,000 of the District's bank balance of \$1,500,000 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2018, the District had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment maturities 6 months or less</u>
Amortized cost:		
STAR Ohio	\$ 104,171	\$ 104,171
Fair value:		
Repurchase agreement	<u>20,754,918</u>	<u>20,754,918</u>
	<u>\$ 20,859,089</u>	<u>\$ 20,859,089</u>

The weighted average length to maturity of the District's investments is one day.

The District's investment in the repurchase agreement is valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in the federal agency securities that underlie the repurchase agreement, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2018:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of total</u>
Amortized cost:		
STAR Ohio	\$ 104,171	0.50
Fair value:		
Repurchase agreement	<u>20,754,918</u>	<u>99.50</u>
Total investments	<u>\$ 20,859,089</u>	<u>100.00</u>

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2018:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 659,665
Investments	20,859,089
Cash with escrow agent	<u>4,214,684</u>
Total	<u>\$ 25,733,438</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 25,463,010
Business type activities	69,083
Private-purpose trust fund	78,821
Agency funds	<u>122,524</u>
Total	<u>\$ 25,733,438</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2018, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 67,774
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	477,477
	<u>\$ 545,251</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The \$477,477 transfer reported above was from the classroom facilities fund to the permanent improvement fund (both nonmajor governmental funds). This transfer was made as part of the close out process of the District's Ohio Facilities Construction Commission project.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund balances at June 30, 2018 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 65,984</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- C. Interfund balances consisted of the following due to/from other funds at June 30, 2018, as reported on the fund statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 1,784,039</u>

The primary purpose of the interfund loans due to the general fund is to cover negative cash balances in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements.

- D.** Loan balances consisted of the following loans to/from other funds at June 30, 2018, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Agency	<u>\$ 1,003</u>

The primary purpose of the loans due to the general fund is to cover revenues not received in the agency fund at fiscal year-end. The loan balance will be repaid once the anticipated revenues are received.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was \$214,152 in the general fund, \$36,256 in the bond retirement fund and \$3,392 in the classroom facilities maintenance fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2017 was \$163,429 in the general fund, \$27,011 in the bond retirement fund and \$2,560 in the classroom facilities maintenance fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6 - PROPERTY TAXES - (Continued)

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 582,745,890	97.00	\$ 595,386,870	96.94
Public utility personal	<u>18,048,740</u>	<u>3.00</u>	<u>18,797,940</u>	<u>3.06</u>
Total	<u>\$ 600,794,630</u>	<u>100.00</u>	<u>\$ 614,184,810</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
Operations	\$ 54.60		\$ 54.60	
Debt service	5.30		5.30	
Classroom facilities maintenance	0.50		0.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Taxes	\$ 21,700,377
Accounts	11,112
Intergovernmental	<u>2,604,590</u>
Total receivables	<u>\$ 24,316,079</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/18</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 779,851	\$ -	\$ -	\$ 779,851
Construction in progress	-	739,915	-	739,915
Total capital assets, not being depreciated	<u>779,851</u>	<u>739,915</u>	<u>-</u>	<u>1,519,766</u>
Capital assets, being depreciated:				
Land improvements	4,100,702	2,104,760	-	6,205,462
Building/improvements	85,587,533	-	-	85,587,533
Furniture/equipment	3,291,149	388,675	-	3,679,824
Vehicles	3,477,820	839,930	(818,510)	3,499,240
Textbooks	3,763,697	-	-	3,763,697
Total capital assets, being depreciated	<u>100,220,901</u>	<u>3,333,365</u>	<u>(818,510)</u>	<u>102,735,756</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,187,548)	(316,613)	-	(2,504,161)
Building/improvements	(19,399,354)	(2,007,460)	-	(21,406,814)
Furniture/equipment	(2,279,486)	(180,799)	-	(2,460,285)
Vehicles	(2,285,074)	(328,477)	818,510	(1,795,041)
Textbooks	(3,763,697)	-	-	(3,763,697)
Total accumulated depreciation	<u>(29,915,159)</u>	<u>(2,833,349)</u>	<u>818,510</u>	<u>(31,929,998)</u>
Governmental activities capital assets, net	<u>\$ 71,085,593</u>	<u>\$ 1,239,931</u>	<u>\$ -</u>	<u>\$ 72,325,524</u>
Business-type activities:				
Capital assets, being depreciated:				
Furniture/equipment	\$ 86,315	\$ -	\$ -	\$ 86,315
Less: accumulated depreciation	<u>(65,570)</u>	<u>(3,431)</u>	<u>-</u>	<u>(69,001)</u>
Total	<u>\$ 20,745</u>	<u>\$ (3,431)</u>	<u>\$ -</u>	<u>\$ 17,314</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged as follows:

Governmental activities:	<u>Amount</u>
<u>Instruction:</u>	
Regular	\$ 1,312,702
Special	196,502
Vocational	3,975
<u>Support services:</u>	
Pupil	79,652
Instructional staff	74,034
Administration	124,474
Fiscal	25,876
Operations and maintenance	142,164
Pupil transportation	442,142
Food service operations	147,968
Extracurricular activities	<u>283,860</u>
Total governmental activities	<u>2,833,349</u>
 Business-type activities:	
Community center	<u>3,431</u>
Total depreciation expense	<u><u>\$ 2,836,780</u></u>

NOTE 9 - LONG-TERM OBLIGATIONS

- A. The District has a House Bill 264 loan to provide for energy improvements to various District buildings. The primary source of repayment of this obligation is through energy savings as a result of the improvements. The loan was issued on October 5, 2006 and matures on October 1, 2021. The loan bears an interest rate of 4.75%. Payments of principal and interest relating to these liabilities are recorded as expenditures in the bond retirement fund.

The following is a description of the District's House Bill 264 loan outstanding as of June 30, 2018:

	<u>Balance</u>		<u>Issued</u>		<u>Retired</u>		<u>Balance</u>
	<u>6/30/17</u>		<u>in 2018</u>		<u>in 2018</u>		<u>6/30/18</u>
House Bill 264 Loan	\$ 130,684	\$	-	\$	(30,004)	\$	100,680

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the House Bill 264 loan:

<u>Fiscal Year Ending</u>	<u>Principal on Loan</u>	<u>Interest on Loan</u>	<u>Total</u>
2019	\$ 31,481	\$ 4,163	\$ 35,644
2020	33,024	2,620	35,644
2021	34,657	987	35,644
2022	<u>1,518</u>	<u>6</u>	<u>1,524</u>
Total	<u>\$ 100,680</u>	<u>\$ 7,776</u>	<u>\$ 108,456</u>

- B.** On September 1, 2010, the District issued general obligation classroom facilities improvement bonds, in the amount of \$26,680,000, for constructing, adding to, renovating, remodeling, furnishing, equipping, and improving District buildings. The bond issue included tax exempt current interest serial bonds, tax exempt capital appreciation bonds, term Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) in the amount of \$2,625,000, \$140,000, \$12,655,000 and \$11,260,000, respectively. The bonds were issued for a thirty-eight year period, with final maturity during fiscal year 2048. The bonds will be retired through the bond retirement fund.

The interest rate on the tax exempt current interest bonds is 2.00%. The tax exempt capital appreciation bonds mature on November 1, 2028 (approximate initial offering yield to maturity 4.75%), November 1, 2029 (approximate initial offering yield to maturity 4.85%), and November 1, 2030 (approximate initial offering yield to maturity 4.95%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,605,000. A total of \$232,533 in accreted interest on the capital appreciation bonds has been included on the statement of net position at June 30, 2018.

On December 21, 2016, the District issued \$8,690,000 (series 2016 refunding bonds) to refund a portion of the BABs. This refunded debt is considered defeased (in-substance) and accordingly has been removed from the statement of net position.

On February 22, 2017, the District issued \$3,770,000 (series 2017 refunding bonds) to refund a portion of the BABs. This refunded debt is considered defeased (in-substance) and accordingly has been removed from the statement of net position.

The QSCBs bear an interest rate of 5.327% and mature September 1, 2027. The District is required to make mandatory sinking fund deposits (consisting of cash and/or U.S. Treasury obligations) on September 1, in the following years and in the following amounts (in each case equal to the value of any cash deposits, plus the stated principal value at maturity of any U.S. Treasury obligations plus any interest to be paid thereon through and including the maturity date) except the final principal payment date shall be the maturity date:

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

September 1 of year	Amounts Due	Amounts Deposited
2014	\$ 670,000	\$ 670,000
2015	695,000	695,000
2016	705,000	705,000
2017	715,000	715,000
2018	765,000	-
2019	775,000	-
2020	785,000	-
2021	815,000	-
2022	830,000	-
2023	840,000	-
2024	895,000	-
2025	905,000	-
2026	915,000	-
	<u>\$ 10,310,000</u>	<u>\$ 2,785,000</u>

The amount deposited is recorded as “restricted cash with escrow agent” on the basic financial statements.

The District receives a reimbursement from the United States Treasury equal to 100% of the lesser of the interest payments on the QSCBs or the federal tax credits that would have otherwise been available to the holders of the QSCBs. The District records this reimbursement as federal intergovernmental revenue in the bond retirement fund.

The following is a schedule of activity for fiscal year 2018 on the 2010 general obligation bonds:

<u>Series 2010</u>	<u>Balance 6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/18</u>
Capital appreciation bonds	\$ 140,000	\$ -	\$ -	\$ 140,000
Accreted interest	187,898	44,635	-	232,533
QSCBs	11,260,000	-	-	11,260,000
Total series 2010	<u>\$ 11,587,898</u>	<u>\$ 44,635</u>	<u>\$ -</u>	<u>\$ 11,632,533</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the 2010 general obligation bonds:

Fiscal Year Ended	QSCBs			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 599,820	\$ 599,820	\$ -	\$ -	\$ -
2020	-	599,820	599,820	-	-	-
2021	-	599,820	599,820	-	-	-
2022	-	599,820	599,820	-	-	-
2023	-	599,820	599,820	-	-	-
2024 - 2028	11,260,000	2,699,190	13,959,190	-	-	-
2029 - 2031	-	-	-	140,000	1,465,000	1,605,000
Total	\$ 11,260,000	\$ 5,698,290	\$ 16,958,290	\$ 140,000	\$ 1,465,000	\$ 1,605,000

- C. On June 13, 2012, the District issued general obligation bonds (series 2012 refunding bonds) to advance refund the callable portion of the series 2004 current interest general obligation bonds. The issuance proceeds of \$23,431,421 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$18,725,000 at June 30, 2018.

The 2012 refunding issue is comprised of both current interest bonds, par value \$20,290,000, and capital appreciation bonds, par value \$685,000. The interest rate on the current interest bonds ranges from 2.00-5.00%. The capital appreciation bonds mature on December 1, 2024 (approximate initial offering yield to maturity 3.5%), and December 1, 2025 (approximate initial offering yield to maturity 3.6%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$3,130,000. A total of \$694,353 in accreted interest on the capital appreciation bonds has been included on the statement of net position at June 30, 2018. The bonds will be retired through the bond retirement fund.

The following is a schedule of activity for fiscal year 2018 on the series 2012 refunding bonds:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Refunding bonds - series 2012:				
Current interest bonds	\$ 17,730,000	\$ -	\$ (1,020,000)	\$ 16,710,000
Capital appreciation bonds	685,000	-	-	685,000
Accreted interest	541,736	152,617	-	694,353
Total refunding bonds - series 2012	\$ 18,956,736	\$ 152,617	\$ (1,020,000)	\$ 18,089,353

The reacquisition price exceeded the net carrying amount of the old debt by \$2,450,398. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2030.

The following is a summary of the future debt service requirements to maturity for the series 2012 refunding bonds:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,120,000	\$ 615,075	\$ 1,735,075	\$ -	\$ -	\$ -
2020	1,180,000	569,075	1,749,075	-	-	-
2021	1,240,000	533,075	1,773,075	-	-	-
2022	1,325,000	505,769	1,830,769	-	-	-
2023	1,370,000	473,737	1,843,737	-	-	-
2024 - 2028	4,715,000	1,850,670	6,565,670	685,000	2,445,000	3,130,000
2029 - 2031	5,760,000	400,500	6,160,500	-	-	-
Total	<u>\$ 16,710,000</u>	<u>\$ 4,947,901</u>	<u>\$ 21,657,901</u>	<u>\$ 685,000</u>	<u>\$ 2,445,000</u>	<u>\$ 3,130,000</u>

- D.** On December 21, 2016, the District issued general obligation bonds (series 2016 refunding bonds) to refund a portion of the BABs. The issuance proceeds of \$8,998,249 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$8,875,000 at June 30, 2018.

The 2016 refunding issue is comprised of current interest bonds, par value \$8,690,000. The interest rate on the current interest bonds ranges from 4.00-4.25%. The bonds will be retired through the bond retirement fund.

The following is a schedule of activity for fiscal year 2018 on the 2016 series refunding bonds:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Refunding bonds - series 2016:				
Current interest bonds	\$ 8,690,000	\$ -	\$ -	\$ 8,690,000

The net carrying amount of the old debt exceeded the reacquisition price by \$53,732. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

Interest payments on the current interest bonds are due May 1 and November 1 each year. The final maturity stated on the issue is November 1, 2043.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the series 2016 refunding bonds:

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2019	\$ -	\$ 355,525	\$ 355,525
2020	-	355,525	355,525
2021	-	355,525	355,525
2022	-	355,525	355,525
2023	-	355,525	355,525
2024 - 2028	-	1,777,625	1,777,625
2029 - 2033	1,065,000	1,735,525	2,800,525
2034 - 2038	3,055,000	1,268,725	4,323,725
2039 - 2043	3,725,000	584,769	4,309,769
2044	845,000	17,956	862,956
Total	\$ 8,690,000	\$ 7,162,225	\$ 15,852,225

- E. On February 22, 2017, the District issued general obligation bonds (series 2017 refunding bonds) to refund a portion of the BABs. The issuance proceeds of \$3,876,211 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$3,780,000 at June 30, 2018.

The 2017 refunding issue is comprised of current interest bonds, par value \$3,770,000. The interest rate on the current interest bonds ranges from 0.93-4.25%. The bonds will be retired through the bond retirement fund.

The following is a schedule of activity for fiscal year 2018 on the 2017 series refunding bonds:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Refunding bonds - series 2017:				
Current interest bonds	\$ 3,770,000	\$ -	\$ (50,000)	\$ 3,720,000

The reacquisition price exceeded the net carrying amount of the old debt by \$20,832. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

Interest payments on the current interest bonds are due May 1 and November 1 each year. The final maturity stated on the issue is November 1, 2043.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the series 2017 refunding bonds:

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2019	\$ -	\$ 144,263	\$ 144,263
2020	-	144,262	144,262
2021	-	144,263	144,263
2022	-	144,262	144,262
2023	-	144,263	144,263
2024 - 2028	-	721,312	721,312
2029 - 2033	465,000	707,438	1,172,438
2034 - 2038	1,305,000	534,550	1,839,550
2039 - 2043	1,590,000	247,268	1,837,268
2044	360,000	7,650	367,650
Total	\$ 3,720,000	\$ 2,939,531	\$ 6,659,531

- F. On May 3, 2018, the District entered into a lease-purchase financing agreement with U.S. Bancorp Government Leasing and Finance, Inc. The proceeds of the lease-purchase agreement of \$1,450,000 will be used to pay for various energy saving improvements to the District's facilities. The agreement bears an interest rate of 3.302%. Interest payments are due on June 1 and December 1 each year. The final stated maturity on the lease-purchase agreement is December 1, 2028. The lease-purchase agreement will be retired through the general fund.

At fiscal year end, the District had \$1,429,684 on deposit with U.S. Bank (the fiscal agent) related to this lease-purchase agreement. The amount deposited is recorded as "cash with escrow agent" on the basic financial statements.

\$1,450,000 of the lease-purchase proceeds remain unspent at June 30, 2018.

The following is a summary of the future debt service requirements to maturity for the lease-purchase agreement:

Fiscal Year Ended	Lease-Purchase Agreement		
	Principal	Interest	Total
2019	\$ 130,000	\$ 49,456	\$ 179,456
2020	115,000	41,688	156,688
2021	115,000	37,890	152,890
2022	120,000	34,011	154,011
2023	125,000	29,966	154,966
2024 - 2028	695,000	83,458	778,458
2029	150,000	2,477	152,477
Total	\$ 1,450,000	\$ 278,946	\$ 1,728,946

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

G. The District has restated long-term obligations at June 30, 2017 as described in Note 3.A. The changes in the District's long-term obligations during the year consist of the following:

	Restated Balance <u>6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	Balance 6/30/18	Amounts Due in <u>One Year</u>
Governmental activities:					
Compensated absences payable	\$ 2,625,753	\$ 570,193	\$ (410,153)	\$ 2,785,793	\$ 397,360
Net pension liability	72,822,725	-	(20,368,451)	52,454,274	-
Net OPEB liability	14,876,727	-	(2,943,331)	11,933,396	-
Lease-purchase agreement	-	1,450,000	-	1,450,000	130,000
Loans payable	130,684	-	(30,004)	100,680	31,481
G.O. bonds payable	<u>43,004,634</u>	<u>197,252</u>	<u>(1,070,000)</u>	<u>42,131,886</u>	<u>1,120,000</u>
Total governmental activities long-term liabilities	<u>\$ 133,460,523</u>	<u>\$ 2,217,445</u>	<u>\$ (24,821,939)</u>	110,856,029	<u>\$ 1,678,841</u>
Add: Unamortized premium on bond issues				<u>2,641,008</u>	
Total on statement of net position				<u>\$ 113,497,037</u>	

Compensated absences will be paid from the fund from which the employee is paid, which, for the District, is primarily the general fund, food service fund, Title VI-B fund and Title I fund.

The District's net pension liability and net OPEB liability are discussed in Notes 12 and 13, respectively. The District pays obligations related to employee compensation from the fund benefitting from their service, which for the District, is primarily the general fund.

H. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of \$19,469,390 (including available funds of \$5,397,757) and an unvoted debt margin of \$614,185.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 10 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Teachers and some administrators do not earn vacation time. Administrators, clerical, technical, and maintenance and operations employees with one or more years of service are entitled to vacation ranging from 5 to 25 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed five days. Unused vacation is not cumulative to the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro-rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave to a maximum payout of 168 days and ten percent of remaining days for certified employees and classified employees.

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2018, the District contracted with Ohio Casualty for property, automobile, liability and umbrella insurance.

	<u>Per Occurrence</u>	<u>Deductibles</u>	<u>Annual Aggregate</u>
Property:			
Building and contents - replacement cost	\$ -	\$ 5,000	\$ -
Computers	-	500	-
Equipment	-	500	-
Automobile:			
Liability	-	-	1,000,000
Uninsured motorist	-	-	350,000
Medical payments	-	-	5,000
Liability:			
General	1,000,000	-	2,000,000
Fire damage	-	-	300,000
Employer's liability	-	-	1,000,000
Employee benefits	-	1,000	1,000,000
Sexual misconduct	1,000,000	-	1,000,000
Employment practices	-	2,500	1,000,000
Umbrella	1,000,000	-	1,000,000

Settled claims have not exceeded this commercial coverage for the past three years and there has not been a significant reduction in coverage from the prior year.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Health Benefits

The District has contracted with Stark County Schools Council of Governments (a shared risk pool) (Note 2) to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The District's Board of Education pays 93% of medical/surgical premiums for certified and administrative employees and 90% for classified employees. Employees are responsible for the remaining 7% and 10% respectively.

The dental coverage is administered by Medical Mutual of Ohio; a third party administrator. The District pays 100% of dental premiums.

Claims are paid for all participants regardless of claims flow. Upon termination, all District claims would be paid without regard to the District's account balance. The Directors have the right to hold monies for an exiting district subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

Workers' compensation coverage is provided by the State of Ohio. The District pays the Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$791,788 for fiscal year 2018. Of this amount, \$63,666 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,799,998 for fiscal year 2018. Of this amount, \$476,268 is reported as pension and postemployment benefits payable.

Net Pension Liability

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.18907220%	0.17621474%	
Proportion of the net pension liability current measurement date	<u>0.19221690%</u>	<u>0.17246630%</u>	
Change in proportionate share	<u>0.00314470%</u>	<u>-0.00374844%</u>	
Proportionate share of the net pension liability	\$ 11,484,535	\$ 40,969,739	\$ 52,454,274
Pension expense	\$ (552,650)	\$ (16,611,494)	\$ (17,164,144)

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 494,256	\$ 1,582,062	\$ 2,076,318
Changes of assumptions	593,873	8,960,532	9,554,405
Difference between District contributions and proportionate share of contributions/ change in proportionate share	81,496	-	81,496
District contributions subsequent to the measurement date	<u>791,788</u>	<u>2,799,998</u>	<u>3,591,786</u>
Total deferred outflows of resources	<u>\$ 1,961,413</u>	<u>\$ 13,342,592</u>	<u>\$ 15,304,005</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 330,200	\$ 330,200
Net difference between projected and actual earnings on pension plan investments	54,515	1,352,047	1,406,562
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>235,800</u>	<u>2,589,308</u>	<u>2,825,108</u>
Total deferred inflows of resources	<u>\$ 290,315</u>	<u>\$ 4,271,555</u>	<u>\$ 4,561,870</u>

\$3,591,786 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ 321,315	\$ 1,051,653	\$ 1,372,968
2020	630,576	2,890,906	3,521,482
2021	195,149	1,836,325	2,031,474
2022	<u>(267,730)</u>	<u>492,155</u>	<u>224,425</u>
Total	<u>\$ 879,310</u>	<u>\$ 6,271,039</u>	<u>\$ 7,150,349</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 15,937,550	\$ 11,484,535	\$ 7,754,227

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS Ohio

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3 percent	3.5 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 58,728,727	\$ 40,969,739	\$ 26,010,454

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$95,842.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$125,167 for fiscal year 2018. Of this amount, \$98,200 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.19129859%	0.17621474%	
Proportion of the net OPEB liability current measurement date	<u>0.19392350%</u>	<u>0.17246630%</u>	
Change in proportionate share	<u>0.00262491%</u>	<u>-0.00374844%</u>	
Proportionate share of the net OPEB liability	\$ 5,204,397	\$ 6,728,999	\$ 11,933,396
OPEB expense	\$ 323,635	\$ (2,081,965)	\$ (1,758,330)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 388,439	\$ 388,439
Difference between District contributions and proportionate share of contributions/ change in proportionate share	36,114	-	36,114
District contributions subsequent to the measurement date	<u>125,167</u>	<u>-</u>	<u>125,167</u>
Total deferred outflows of resources	<u>\$ 161,281</u>	<u>\$ 388,439</u>	<u>\$ 549,720</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 13,743	\$ 287,613	\$ 301,356
Changes of assumptions	493,870	542,043	1,035,913
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>171,829</u>	<u>171,829</u>
Total deferred inflows of resources	<u>\$ 507,613</u>	<u>\$ 1,001,485</u>	<u>\$ 1,509,098</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$125,167 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2019	\$ (169,290)	\$ (126,142)	\$ (295,432)
2020	(169,290)	(126,142)	(295,432)
2021	(129,484)	(126,142)	(255,626)
2022	(3,435)	(126,142)	(129,577)
2023	-	(54,240)	(54,240)
Thereafter	<u>-</u>	<u>(54,238)</u>	<u>(54,238)</u>
Total	<u>\$ (471,499)</u>	<u>\$ (613,046)</u>	<u>\$ (1,084,545)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$ 6,284,972	\$ 5,204,397	\$ 4,348,306

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$ 4,222,978	\$ 5,204,397	\$ 6,503,322

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
 Total	 <u><u>100.00 %</u></u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	\$ 9,033,573	\$ 6,728,999	\$ 4,907,632
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,675,020	\$ 6,728,999	\$ 9,432,275

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,997,281)
Net adjustment for revenue accruals	32,308
Net adjustment for expenditure accruals	(374,253)
Net adjustment for other sources/uses	1,240,054
Funds budgeted elsewhere	199,742
Adjustment for encumbrances	2,539,026
GAAP basis	<u>\$ 1,639,596</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the miscellaneous general funds, BWC fund and the public school support fund.

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2018.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 16 - SET ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2017	\$ -
Current year set-aside requirement	897,147
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(661,892)
Excess qualified expenditures from prior years	-
Current year offsets	(301,259)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (66,004)</u>
Balance carried forward to fiscal year 2019	<u>\$ -</u>
Set-aside balance June 30, 2018	<u>\$ -</u>

During fiscal year 2011, the District issued \$26,680,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$25,110,211 at June 30, 2018.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 17 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 2,166,608
Other governmental	<u>256,390</u>
 Total	 <u>\$ 2,422,998</u>

NOTE 18 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Austintown Township have entered into agreements with local businesses for the abatement for property taxes to bring jobs and economic development into the area. These agreements affect the property tax receipts collected and distributed to the District. As a result of the agreements, the District's property tax revenues were reduced by \$28,224 during fiscal year 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.19221690%	0.18907220%	0.19587870%	0.19969300%	0.19969300%
District's proportionate share of the net pension liability	\$ 11,484,535	\$ 13,838,340	\$ 11,177,028	\$ 10,106,349	\$ 11,875,102
District's covered payroll	\$ 5,839,279	\$ 5,866,479	\$ 5,896,973	\$ 5,802,677	\$ 5,446,647
District's proportionate share of the net pension liability as a percentage of its covered payroll	196.68%	235.89%	189.54%	174.17%	218.03%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.17246630%	0.17621474%	0.18598335%	0.18617722%	0.18617722%
District's proportionate share of the net pension liability	\$ 40,969,739	\$ 58,984,385	\$ 51,400,358	\$ 45,284,743	\$ 53,942,890
District's covered payroll	\$ 18,981,357	\$ 18,417,907	\$ 19,404,250	\$ 19,022,169	\$ 19,473,131
District's proportionate share of the net pension liability as a percentage of its covered payroll	215.84%	320.26%	264.89%	238.06%	277.01%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 791,788	\$ 817,499	\$ 821,307	\$ 777,221
Contributions in relation to the contractually required contribution	<u>(791,788)</u>	<u>(817,499)</u>	<u>(821,307)</u>	<u>(777,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,865,096	\$ 5,839,279	\$ 5,866,479	\$ 5,896,973
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 804,251	\$ 753,816	\$ 744,324	\$ 703,667	\$ 770,347	\$ 554,019
<u>(804,251)</u>	<u>(753,816)</u>	<u>(744,324)</u>	<u>(703,667)</u>	<u>(770,347)</u>	<u>(554,019)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,802,677	\$ 5,446,647	\$ 5,534,007	\$ 5,597,987	\$ 5,689,417	\$ 5,630,274
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,799,998	\$ 2,657,390	\$ 2,578,507	\$ 2,716,595
Contributions in relation to the contractually required contribution	<u>(2,799,998)</u>	<u>(2,657,390)</u>	<u>(2,578,507)</u>	<u>(2,716,595)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,999,986	\$ 18,981,357	\$ 18,417,907	\$ 19,404,250
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,472,882	\$ 2,531,507	\$ 2,610,544	\$ 2,596,057	\$ 2,619,986	\$ 2,559,627
<u>(2,472,882)</u>	<u>(2,531,507)</u>	<u>(2,610,544)</u>	<u>(2,596,057)</u>	<u>(2,619,986)</u>	<u>(2,559,627)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,022,169	\$ 19,473,131	\$ 20,081,108	\$ 19,969,669	\$ 20,153,738	\$ 19,689,438
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.19392350%	0.19129859%
District's proportionate share of the net OPEB liability	\$ 5,204,397	\$ 5,452,717
District's covered payroll	\$ 5,839,279	\$ 5,866,479
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.13%	92.95%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2018	2017
District's proportion of the net OPEB liability	0.17246630%	0.17621474%
District's proportionate share of the net OPEB liability	\$ 6,728,999	\$ 9,424,010
District's covered payroll	\$ 18,981,357	\$ 18,417,907
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.45%	51.17%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 125,167	\$ 100,456	\$ 95,488	\$ 147,614
Contributions in relation to the contractually required contribution	<u>(125,167)</u>	<u>(100,456)</u>	<u>(95,488)</u>	<u>(147,614)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,865,096	\$ 5,839,279	\$ 5,866,479	\$ 5,896,973
Contributions as a percentage of covered payroll	2.13%	1.72%	1.63%	2.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 101,901	\$ 92,724	\$ 115,140	\$ 167,477	\$ 142,587	\$ 331,384
<u>(101,901)</u>	<u>(92,724)</u>	<u>(115,140)</u>	<u>(167,477)</u>	<u>(142,587)</u>	<u>(331,384)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,802,677	\$ 5,446,647	\$ 5,534,007	\$ 5,597,987	\$ 5,689,417	\$ 5,630,274
1.76%	1.70%	2.08%	2.99%	2.51%	5.89%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 19,999,986	\$ 18,981,357	\$ 18,417,907	\$ 19,404,250
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 194,278	\$ 194,731	\$ 200,811	\$ 199,697	\$ 201,537	\$ 196,894
<u>(194,278)</u>	<u>(194,731)</u>	<u>(200,811)</u>	<u>(199,697)</u>	<u>(201,537)</u>	<u>(196,894)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,022,169	\$ 19,473,131	\$ 20,081,108	\$ 19,969,669	\$ 20,153,738	\$ 19,689,438
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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**COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

MAJOR GOVERNMENTAL FUND

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. A budgetary statement for the general fund is presented as part of the basic financial statements. The level of detail presented in that statement is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Public School Support

Section 5705.12, Revised Code

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sale of pictures, profits from vending machines, etc.) Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

Miscellaneous General Fund

Section 5705.12, Revised Code

A fund used to account for miscellaneous programs, such as independent study and various other instructional programs funded by fees.

BWC Rebate

Section 5705.13, Revised Code

A fund to account for rebates received from the Ohio Bureau of Workers' Compensation.

OTHER MAJOR GOVERNMENTAL FUNDS

Bond Retirement

Section 5705.09, Revised Code

The bond retirement debt service fund is used to account for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations for governmental resources when the District is obligated in some manner for the payment.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total revenues and other sources	\$ 359,245	\$ 341,398	\$ 333,703	\$ (7,695)
Total expenditures and other uses	<u>-</u>	<u>421,716</u>	<u>359,704</u>	<u>62,012</u>
Net change in fund balance	359,245	(80,318)	(26,001)	54,317
Fund balance at beginning of year.	162,810	162,810	162,810	-
Prior year encumbrances appropriated.	<u>6,916</u>	<u>6,916</u>	<u>6,916</u>	<u>-</u>
Fund balance at end of year	<u>\$ 528,971</u>	<u>\$ 89,408</u>	<u>\$ 143,725</u>	<u>\$ 54,317</u>
Miscellaneous General Fund				
Total revenues and other sources	\$ 6,700	\$ 7,325	\$ 6,814	\$ (511)
Total expenditures and other uses	<u>4,440</u>	<u>8,305</u>	<u>8,978</u>	<u>(673)</u>
Net change in fund balance	2,260	(980)	(2,164)	(1,184)
Fund balance at beginning of year.	<u>6,465</u>	<u>6,465</u>	<u>6,465</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,725</u>	<u>\$ 5,485</u>	<u>\$ 4,301</u>	<u>\$ (1,184)</u>
BWC Rebate				
Total revenues and other sources	\$ 14,750	\$ 186,000	\$ 225,155	\$ 39,155
Total expenditures and other uses	<u>-</u>	<u>-</u>	<u>7,190</u>	<u>(7,190)</u>
Net change in fund balance	14,750	186,000	217,965	31,965
Fund balance at beginning of year.	<u>257,815</u>	<u>257,815</u>	<u>257,815</u>	<u>-</u>
Fund balance at end of year	<u>\$ 272,565</u>	<u>\$ 443,815</u>	<u>\$ 475,780</u>	<u>\$ 31,965</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Bond Retirement				
Total revenues and other sources	\$ 3,191,000	\$ 3,249,400	\$ 3,218,689	\$ (30,711)
Total expenditures and other uses	<u>3,110,469</u>	<u>3,160,469</u>	<u>2,866,262</u>	<u>294,207</u>
Net change in fund balance	80,531	88,931	352,427	263,496
Fund balance at beginning of year.	2,188,430	2,188,430	2,188,430	-
Prior year encumbrances appropriated.	<u>35,644</u>	<u>35,644</u>	<u>35,644</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,304,605</u>	<u>\$ 2,313,005</u>	<u>\$ 2,576,501</u>	<u>\$ 263,496</u>

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. A description of the District's special revenue funds follows:

Food Service Section 3313.81, Revised Code

A fund used to record financial transactions related to food service operations.

Other Grants Section 5705.09, Revised Code

A fund used to account for the proceeds of specific revenue sources, except for State and federal grants that are legally restricted to expenditures for specified purposes.

Miscellaneous Grants Section 5705.12, Revised Code

A fund provided to account for the proceeds of specific local revenue sources, except for State and federal grants that are legally restricted for specified purposes. This fund is used to account for the District's DARE and Channel 19 programs.

Classroom Facilities Maintenance Section 3318.06, Revised Code

A fund used to account for the proceeds of a levy for the maintenance of facilities.

District Managed Student Activity Section 3313.062, Revised Code

A fund provided to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

OneNet Subsidy Current Budget Bill appropriation line item 200-426

A fund provided to account for money appropriated for Ohio Educational Computer Network (OECN) connections.

Alternative School Grant Current Budget Bill appropriation line item 200-421

A fund used to account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services facility.

Title VI-B Catalog of Federal Domestic Assistance #84.027

To account for federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Title III Catalog of Federal Domestic Assistance #84.365

A fund used to account for federal monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Catalog of Federal Domestic Assistance #84.010

To provide financial assistance to state and local educational agencies to meet the special needs of educationally deprived children. Included are the Even Start and Comprehensive School Reform programs.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

Nonmajor Special Revenue Funds - (Continued)

IDEA Handicapped Preschool

Catalog of Federal Domestic Assistance #84.173

A fund used to account for federal monies used for the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

Improving Teacher Quality

Catalog of Federal Domestic Assistance #84.367

A fund used to account for monies to hire additional classroom teachers in grades one through three so that the number of students per teacher will be reduced.

Miscellaneous Federal Grants

Catalog of Federal Domestic Assistance #84 and #94

A fund used to account for various monies received through state agencies from the federal government or directly from the federal government which are not classified elsewhere. A separate cost center must be used for each grant and be approved by the Auditor of State.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or trust funds. A description of the District's capital projects funds follows:

Permanent Improvement

Section 5705.12, Revised Code

A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Building

Section 5705.09, Revised Code

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

Classroom Facilities

Sections 3318.080 and 3318.15, Revised Code

The classroom facilities capital projects fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio School Facilities Commission (OSFC) for the building and equipping of classroom facilities.

Capital Projects

Section 5705.13, Revised Code

A fund used to accumulate money for one or more capital projects.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 4,460,399	\$ 6,550,952	\$ 11,011,351
Receivables:			
Taxes	284,384	-	284,384
Accounts	10,000	-	10,000
Intergovernmental	2,179,083	-	2,179,083
Prepayments	4,085	-	4,085
Inventory held for resale.	47,130	-	47,130
Total assets.	<u>\$ 6,985,081</u>	<u>\$ 6,550,952</u>	<u>\$ 13,536,033</u>
Liabilities:			
Accounts payable.	\$ 15,387	\$ -	\$ 15,387
Contracts payable.	41,571	-	41,571
Accrued wages and benefits	339,834	-	339,834
Pension and postemployment obligation payable.	37,814	-	37,814
Intergovernmental payable	13,934	-	13,934
Interfund loans payable.	65,984	-	65,984
Due to other funds.	1,784,039	-	1,784,039
Total liabilities.	<u>2,298,563</u>	<u>-</u>	<u>2,298,563</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	258,248	-	258,248
Delinquent property tax revenue not available	22,744	-	22,744
Intergovernmental revenue not available	395,092	-	395,092
Total deferred inflows of resources	<u>676,084</u>	<u>-</u>	<u>676,084</u>
Fund balances:			
Nonspendable:			
Prepayments.	4,085	-	4,085
Restricted:			
Capital improvements.	-	2,403,326	2,403,326
Classroom facilities maintenance	2,631,725	-	2,631,725
Food service operations.	312,422	-	312,422
Extracurricular	147,657	-	147,657
Other purposes	1,129,355	-	1,129,355
Committed:			
Capital improvements.	-	4,147,626	4,147,626
Extracurricular	23,447	-	23,447
Unassigned (deficit).	(238,257)	-	(238,257)
Total fund balances.	<u>4,010,434</u>	<u>6,550,952</u>	<u>10,561,386</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,985,081</u>	<u>\$ 6,550,952</u>	<u>\$ 13,536,033</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ 262,472	\$ -	\$ 262,472
Earnings on investments	2,400	-	2,400
Charges for services	653,104	-	653,104
Extracurricular	347,857	-	347,857
Classroom materials and fees	1,334	-	1,334
Other local revenue.	64,594	61,968	126,562
Intergovernmental - Intermediate	45,925	-	45,925
Intergovernmental - State	46,819	-	46,819
Intergovernmental - Federal	3,955,067	-	3,955,067
Total revenues	5,379,572	61,968	5,441,540
Expenditures:			
Current:			
Instruction:			
Regular	88,338	32,086	120,424
Special	1,728,772	-	1,728,772
Vocational.	15,052	-	15,052
Support services:			
Pupil	42,332	-	42,332
Instructional staff.	285,305	-	285,305
Administration	287,423	-	287,423
Fiscal	4,657	-	4,657
Operations and maintenance	11,613	96,481	108,094
Pupil transportation	68,845	839,930	908,775
Central	7,200	-	7,200
Operation of non-instructional services:			
Food service operations.	1,862,728	-	1,862,728
Extracurricular activities	437,161	218,942	656,103
Facilities acquisition and construction.	-	1,989,084	1,989,084
Total expenditures	4,839,426	3,176,523	8,015,949
Excess (deficiency) of revenues over (under) expenditures.	540,146	(3,114,555)	(2,574,409)
Other financing sources (uses):			
Transfers in	67,774	477,477	545,251
Transfers (out)	-	(477,477)	(477,477)
Total other financing sources (uses).	67,774	-	67,774
Net change in fund balances	607,920	(3,114,555)	(2,506,635)
Fund balances at beginning of year.	3,396,386	9,665,507	13,061,893
Increase in reserve for inventory	6,128	-	6,128
Fund balances at end of year	\$ 4,010,434	\$ 6,550,952	\$ 10,561,386

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	<u>Food Service</u>	<u>Other Grants</u>	<u>Miscellaneous Grants</u>	<u>Classroom Facilities Maintenance</u>
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ 447,627	\$ 155,043	\$ 14,622	\$ 2,628,333
Receivables:				
Taxes.	-	-	-	284,384
Accounts.	-	-	10,000	-
Intergovernmental	-	-	-	-
Prepayments.	3,646	-	-	-
Inventory held for resale.	47,130	-	-	-
Total assets.	<u>\$ 498,403</u>	<u>\$ 155,043</u>	<u>\$ 24,622</u>	<u>\$ 2,912,717</u>
Liabilities:				
Accounts payable	\$ -	\$ 8,996	\$ -	\$ -
Contracts payable	-	41,571	-	-
Accrued wages and benefits	141,327	-	-	-
Pension and postemployment obligation payable.	35,391	-	1,175	-
Intergovernmental payable	4,289	6,636	-	-
Interfund loans payable	1,328	26,334	-	-
Due to other funds.	-	-	-	-
Total liabilities.	<u>182,335</u>	<u>83,537</u>	<u>1,175</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . . .	-	-	-	258,248
Delinquent property tax revenue not available. . . .	-	-	-	22,744
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,992</u>
Fund balances:				
Nonspendable:				
Prepayments.	3,646	-	-	-
Restricted:				
Classroom facilities maintenance.	-	-	-	2,631,725
Food service operations.	312,422	-	-	-
Extracurricular.	-	-	-	-
Other purposes.	-	71,506	-	-
Committed:				
Extracurricular.	-	-	23,447	-
Unassigned (deficit).	-	-	-	-
Total fund balances (deficits)	<u>316,068</u>	<u>71,506</u>	<u>23,447</u>	<u>2,631,725</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 498,403</u>	<u>\$ 155,043</u>	<u>\$ 24,622</u>	<u>\$ 2,912,717</u>

District Managed Student Activity	OneNet Subsidy	Title VI-B	Title I	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 149,595	\$ 7,200	\$ -	\$ -	\$ -	\$ 1,057,979	\$ 4,460,399
-	-	-	-	-	-	284,384
-	-	-	-	-	-	10,000
-	-	1,079,354	724,889	143,038	231,802	2,179,083
-	-	-	-	-	439	4,085
-	-	-	-	-	-	47,130
<u>\$ 149,595</u>	<u>\$ 7,200</u>	<u>\$ 1,079,354</u>	<u>\$ 724,889</u>	<u>\$ 143,038</u>	<u>\$ 1,290,220</u>	<u>\$ 6,985,081</u>
\$ 23	\$ -	\$ 5,799	\$ -	\$ -	\$ 569	\$ 15,387
-	-	-	-	-	-	41,571
-	-	128,694	52,656	10,472	6,685	339,834
434	-	814	-	-	-	37,814
-	-	1,669	1,112	152	76	13,934
1,481	-	-	-	-	36,841	65,984
-	-	887,680	725,489	170,870	-	1,784,039
<u>1,938</u>	<u>-</u>	<u>1,024,656</u>	<u>779,257</u>	<u>181,494</u>	<u>44,171</u>	<u>2,298,563</u>
-	-	-	-	-	-	258,248
-	-	-	-	-	-	22,744
-	-	191,674	-	8,457	194,961	395,092
-	-	191,674	-	8,457	194,961	676,084
-	-	-	-	-	439	4,085
-	-	-	-	-	-	2,631,725
-	-	-	-	-	-	312,422
147,657	-	-	-	-	-	147,657
-	7,200	-	-	-	1,050,649	1,129,355
-	-	-	-	-	-	23,447
-	-	(136,976)	(54,368)	(46,913)	-	(238,257)
<u>147,657</u>	<u>7,200</u>	<u>(136,976)</u>	<u>(54,368)</u>	<u>(46,913)</u>	<u>1,051,088</u>	<u>4,010,434</u>
<u>\$ 149,595</u>	<u>\$ 7,200</u>	<u>\$ 1,079,354</u>	<u>\$ 724,889</u>	<u>\$ 143,038</u>	<u>\$ 1,290,220</u>	<u>\$ 6,985,081</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service</u>	<u>Other Grants</u>	<u>Miscellaneous Grants</u>	<u>Classroom Facilities Maintenance</u>
Revenues:				
From local sources:				
Taxes	\$ -	\$ -	\$ -	\$ 262,472
Earnings on investments	1,757	-	-	-
Charges for services	653,104	-	-	-
Extracurricular	-	-	-	-
Classroom materials and fees.	-	-	-	-
Other local revenues	-	6,085	27,911	-
Intergovernmental - Intermediate	-	45,925	-	-
Intergovernmental - State	-	-	-	39,619
Intergovernmental - Federal	1,411,108	23,901	-	-
Total revenues	<u>2,065,969</u>	<u>75,911</u>	<u>27,911</u>	<u>302,091</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	30,971	-	-
Special	-	-	-	-
Vocational.	-	15,052	-	-
Support services:				
Pupil	-	-	234	-
Instructional staff.	-	-	47,975	-
Administration	-	51,125	-	-
Fiscal	-	-	-	4,657
Operations and maintenance.	9,113	-	-	-
Pupil transportation.	-	2,657	-	-
Central.	-	-	-	-
Operation of non-instructional services:				
Food service operations	1,825,887	-	-	-
Extracurricular activities	-	42,433	-	-
Total expenditures	<u>1,835,000</u>	<u>142,238</u>	<u>48,209</u>	<u>4,657</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>230,969</u>	<u>(66,327)</u>	<u>(20,298)</u>	<u>297,434</u>
Other financing sources:				
Transfers in	-	56	-	-
Total other financing sources	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>
Net change in fund balances	230,969	(66,271)	(20,298)	297,434
Fund balances (deficits)				
at beginning of year	78,971	137,777	43,745	2,334,291
Increase in reserve for inventory.	6,128	-	-	-
Fund balances (deficits) at end of year . . .	<u><u>\$ 316,068</u></u>	<u><u>\$ 71,506</u></u>	<u><u>\$ 23,447</u></u>	<u><u>\$ 2,631,725</u></u>

<u>District Managed Student Activity</u>	<u>OneNet Subsidy</u>	<u>Alternative School Grant</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>Improving Teacher Quality</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
643	-	-	-	-	-
-	-	-	-	-	-
347,857	-	-	-	-	-
1,334	-	-	-	-	-
30,598	-	-	-	-	-
-	-	-	-	-	-
-	7,200	-	-	-	-
-	-	-	1,028,012	902,387	151,419
<u>380,432</u>	<u>7,200</u>	<u>-</u>	<u>1,028,012</u>	<u>902,387</u>	<u>151,419</u>
321	-	753	-	-	54,675
-	-	-	868,496	804,709	-
-	-	-	-	-	-
-	-	-	9,573	1,100	-
4,531	-	-	101,441	8,292	122,548
-	-	-	97,595	2,942	-
-	-	-	-	-	-
-	-	-	-	-	-
41,611	-	-	20,387	4,190	-
-	7,200	-	-	-	-
-	-	-	-	-	-
394,728	-	-	-	-	-
<u>441,191</u>	<u>7,200</u>	<u>753</u>	<u>1,097,492</u>	<u>821,233</u>	<u>177,223</u>
<u>(60,759)</u>	<u>-</u>	<u>(753)</u>	<u>(69,480)</u>	<u>81,154</u>	<u>(25,804)</u>
67,543	-	-	175	-	-
<u>67,543</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>-</u>
6,784	-	(753)	(69,305)	81,154	(25,804)
140,873	7,200	753	(67,671)	(135,522)	(21,109)
-	-	-	-	-	-
<u>\$ 147,657</u>	<u>\$ 7,200</u>	<u>\$ -</u>	<u>\$ (136,976)</u>	<u>\$ (54,368)</u>	<u>\$ (46,913)</u>

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Revenues:		
From local sources:		
Taxes	\$ -	\$ 262,472
Earnings on investments	-	2,400
Charges for services	-	653,104
Extracurricular	-	347,857
Classroom materials and fees.	-	1,334
Other local revenues	-	64,594
Intergovernmental - Intermediate	-	45,925
Intergovernmental - State	-	46,819
Intergovernmental - Federal	438,240	3,955,067
Total revenues	438,240	5,379,572
Expenditures:		
Current:		
Instruction:		
Regular.	1,618	88,338
Special	55,567	1,728,772
Vocational.	-	15,052
Support services:		
Pupil	31,425	42,332
Instructional staff.	518	285,305
Administration	135,761	287,423
Fiscal	-	4,657
Operations and maintenance.	2,500	11,613
Pupil transportation.	-	68,845
Central.	-	7,200
Operation of non-instructional services:		
Food service operations	36,841	1,862,728
Extracurricular activities	-	437,161
Total expenditures	264,230	4,839,426
Excess (deficiency) of revenues over (under) expenditures	174,010	540,146
Other financing sources:		
Transfers in	-	67,774
Total other financing sources	-	67,774
Net change in fund balances.	174,010	607,920
Fund balances (deficits)		
at beginning of year.	877,078	3,396,386
Increase in reserve for inventory	-	6,128
Fund balances (deficits) at end of year . . .	\$ 1,051,088	\$ 4,010,434

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Food Service				
Total revenues and other sources	\$ 2,024,225	\$ 2,064,690	\$ 1,914,886	\$ (149,804)
Total expenditures and other uses	<u>2,009,584</u>	<u>2,186,584</u>	<u>1,680,767</u>	<u>505,817</u>
Net change in fund balance	14,641	(121,894)	234,119	356,013
Fund balance at beginning of year.	5,420	5,420	5,420	-
Prior year encumbrances appropriated.	<u>186,119</u>	<u>186,119</u>	<u>186,119</u>	<u>-</u>
Fund balance at end of year	<u>\$ 206,180</u>	<u>\$ 69,645</u>	<u>\$ 425,658</u>	<u>\$ 356,013</u>
Other Grants				
Total revenues and other sources	\$ 30,000	\$ 168,398	\$ 102,301	\$ (66,097)
Total expenditures and other uses	<u>25,935</u>	<u>144,500</u>	<u>94,249</u>	<u>50,251</u>
Net change in fund balance	4,065	23,898	8,052	(15,846)
Fund balance at beginning of year.	<u>137,777</u>	<u>137,777</u>	<u>137,777</u>	<u>-</u>
Fund balance at end of year	<u>\$ 141,842</u>	<u>\$ 161,675</u>	<u>\$ 145,829</u>	<u>\$ (15,846)</u>
Miscellaneous Grants				
Total revenues and other sources	\$ 27,100	\$ 27,696	\$ 27,923	\$ 227
Total expenditures and other uses	<u>35,000</u>	<u>47,460</u>	<u>49,014</u>	<u>(1,554)</u>
Net change in fund balance	(7,900)	(19,764)	(21,091)	(1,327)
Fund balance at beginning of year.	<u>33,733</u>	<u>33,733</u>	<u>33,733</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,833</u>	<u>\$ 13,969</u>	<u>\$ 12,642</u>	<u>\$ (1,327)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Classroom Facilities Maintenance				
Total revenues and other sources	\$ 432,775	\$ 299,275	\$ 301,259	\$ 1,984
Total expenditures and other uses	<u>5,200</u>	<u>5,200</u>	<u>4,657</u>	<u>543</u>
Net change in fund balance	427,575	294,075	296,602	2,527
Fund balance at beginning of year.	<u>2,331,731</u>	<u>2,331,731</u>	<u>2,331,731</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 2,759,306</u></u>	<u><u>\$ 2,625,806</u></u>	<u><u>\$ 2,628,333</u></u>	<u><u>\$ 2,527</u></u>
District Managed Student Activity				
Total revenues and other sources	\$ 382,874	\$ 395,124	\$ 449,556	\$ 54,432
Total expenditures and other uses	<u>451,004</u>	<u>505,831</u>	<u>478,568</u>	<u>27,263</u>
Net change in fund balance	(68,130)	(110,707)	(29,012)	81,695
Fund balance at beginning of year.	115,620	115,620	115,620	-
Prior year encumbrances appropriated.	<u>27,257</u>	<u>27,257</u>	<u>27,257</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 74,747</u></u>	<u><u>\$ 32,170</u></u>	<u><u>\$ 113,865</u></u>	<u><u>\$ 81,695</u></u>
OneNet Subsidy				
Total revenues and other sources	\$ -	\$ 7,200	\$ 7,200	\$ -
Total expenditures and other uses	<u>-</u>	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year.	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 7,200</u></u>	<u><u>\$ 7,200</u></u>	<u><u>\$ 7,200</u></u>	<u><u>\$ -</u></u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Alternative School Grant				
Total revenues and other sources	\$ 4	\$ 4	\$ -	\$ (4)
Total expenditures and other uses	<u>757</u>	<u>779</u>	<u>753</u>	<u>26</u>
Net change in fund balance	(753)	(775)	(753)	22
Fund balance at beginning of year.	(4)	(4)	(4)	-
Prior year encumbrances appropriated.	<u>757</u>	<u>757</u>	<u>757</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ -</u>	<u>\$ 22</u>
Title VI-B				
Total revenues and other sources	\$ 1,609,236	\$ 1,662,060	\$ 650,922	\$ (1,011,138)
Total expenditures and other uses	<u>1,146,533</u>	<u>1,165,413</u>	<u>1,086,635</u>	<u>78,778</u>
Net change in fund balance	462,703	496,647	(435,713)	(932,360)
Fund balance (deficit) at beginning of year.	(526,446)	(526,446)	(526,446)	-
Prior year encumbrances appropriated.	<u>63,743</u>	<u>63,743</u>	<u>63,743</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ 33,944</u>	<u>\$ (898,416)</u>	<u>\$ (932,360)</u>
Title III				
Total revenues and other sources	\$ 6,555	\$ 6,555	\$ -	\$ (6,555)
Total expenditures and other uses	<u>6,555</u>	<u>6,555</u>	<u>-</u>	<u>6,555</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total revenues and other sources	\$ 863,551	\$ 922,133	\$ 177,498	\$ (744,635)
Total expenditures and other uses	<u>863,551</u>	<u>818,589</u>	<u>902,987</u>	<u>(84,398)</u>
Net change in fund balance	-	103,544	(725,489)	(829,033)
Fund balance (deficit) at beginning of year. . .	(35,440)	(35,440)	(35,440)	-
Prior year encumbrances appropriated.	<u>35,440</u>	<u>35,440</u>	<u>35,440</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ 103,544</u>	<u>\$ (725,489)</u>	<u>\$ (829,033)</u>
IDEA Handicapped Preschool				
Total revenues and other sources	\$ 15,693	\$ 15,693	\$ -	\$ (15,693)
Total expenditures and other uses	<u>15,693</u>	<u>15,693</u>	<u>-</u>	<u>15,693</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Improving Teacher Quality				
Total revenues and other sources	\$ 166,636	\$ 166,636	\$ 16,838	\$ (149,798)
Total expenditures and other uses	<u>171,756</u>	<u>143,038</u>	<u>192,828</u>	<u>(49,790)</u>
Net change in fund balance	(5,120)	23,598	(175,990)	(199,588)
Fund balance at beginning of year.	<u>5,120</u>	<u>5,120</u>	<u>5,120</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ 28,718</u>	<u>\$ (170,870)</u>	<u>\$ (199,588)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total revenues and other sources	\$ 373,000	\$ 373,000	\$ 438,240	\$ 65,240
Total expenditures and other uses	<u>306,964</u>	<u>278,660</u>	<u>276,945</u>	<u>1,715</u>
Net change in fund balance	66,036	94,340	161,295	66,955
Fund balance at beginning of year.	884,540	884,540	884,540	-
Prior year encumbrances appropriated.	<u>4,069</u>	<u>4,069</u>	<u>4,069</u>	<u>-</u>
Fund balance at end of year	<u>\$ 954,645</u>	<u>\$ 982,949</u>	<u>\$ 1,049,904</u>	<u>\$ 66,955</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Permanent Improvement	Building	Capital Projects	Total Nonmajor Capital Projects Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,277,612	\$ 125,714	\$ 4,147,626	\$ 6,550,952
Total assets.	\$ 2,277,612	\$ 125,714	\$ 4,147,626	\$ 6,550,952
Fund balances:				
Restricted:				
Capital improvements.	\$ 2,277,612	\$ 125,714	\$ -	\$ 2,403,326
Committed:				
Capital improvements.	-	-	4,147,626	4,147,626
Total fund balances	2,277,612	125,714	4,147,626	6,550,952
Total liabilities and fund balances	\$ 2,277,612	\$ 125,714	\$ 4,147,626	\$ 6,550,952

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Capital Projects</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
From local sources:					
Other local revenues	\$ -	\$ -	\$ -	\$ 61,968	\$ 61,968
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,968</u>	<u>61,968</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,687	-	-	27,399	32,086
Support services:					
Operations and maintenance	-	-	-	96,481	96,481
Pupil transportation	33,740	-	-	806,190	839,930
Extracurricular activities.	-	-	-	218,942	218,942
Facilities acquisition and construction	-	-	-	1,989,084	1,989,084
Total expenditures	<u>38,427</u>	<u>-</u>	<u>-</u>	<u>3,138,096</u>	<u>3,176,523</u>
Excess of expenditures over revenues.	<u>(38,427)</u>	<u>-</u>	<u>-</u>	<u>(3,076,128)</u>	<u>(3,114,555)</u>
Other financing sources (uses):					
Transfers in.	477,477	-	-	-	477,477
Transfers (out).	-	-	(477,477)	-	(477,477)
Total other financing sources (uses)	<u>477,477</u>	<u>-</u>	<u>(477,477)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	439,050	-	(477,477)	(3,076,128)	(3,114,555)
Fund balances at beginning of year	<u>1,838,562</u>	<u>125,714</u>	<u>477,477</u>	<u>7,223,754</u>	<u>9,665,507</u>
Fund balances at end of year	<u>\$ 2,277,612</u>	<u>\$ 125,714</u>	<u>\$ -</u>	<u>\$ 4,147,626</u>	<u>\$ 6,550,952</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total revenues and other sources	\$ -	\$ 477,477	\$ 477,477	\$ -
Total expenditures and other uses	<u>1,038,750</u>	<u>1,038,750</u>	<u>38,427</u>	<u>1,000,323</u>
Net change in fund balance	(1,038,750)	(561,273)	439,050	1,000,323
Fund balance at beginning of year.	<u>1,838,562</u>	<u>1,838,562</u>	<u>1,838,562</u>	<u>-</u>
Fund balance at end of year	<u>\$ 799,812</u>	<u>\$ 1,277,289</u>	<u>\$ 2,277,612</u>	<u>\$ 1,000,323</u>
Building				
Total revenues and other sources	\$ 2,500	\$ -	\$ -	\$ -
Total expenditures and other uses	<u>125,714</u>	<u>125,714</u>	<u>-</u>	<u>125,714</u>
Net change in fund balance	(123,214)	(125,714)	-	125,714
Fund balance at beginning of year.	<u>\$ 125,714</u>	<u>\$ 125,714</u>	<u>\$ 125,714</u>	<u>\$ -</u>
Fund balance at end of year	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 125,714</u>	<u>\$ 125,714</u>
Classroom Facilities				
Total expenditures and other uses	<u>\$ 477,477</u>	<u>\$ 477,477</u>	<u>\$ 477,477</u>	<u>\$ -</u>
Net change in fund balance	(477,477)	(477,477)	(477,477)	-
Fund balance at beginning of year.	<u>477,477</u>	<u>477,477</u>	<u>477,477</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Capital Projects				
Total revenues and other sources	\$ 2,000,000	\$ 2,100,000	\$ 61,968	\$ (2,038,032)
Total expenditures and other uses	<u>1,083,780</u>	<u>3,434,277</u>	<u>3,324,137</u>	<u>110,140</u>
Net change in fund balance	916,220	(1,334,277)	(3,262,169)	(1,927,892)
Fund balance at beginning of year.	6,389,974	6,389,974	6,389,974	-
Prior year encumbrances appropriated.	<u>833,780</u>	<u>833,780</u>	<u>833,780</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,139,974</u>	<u>\$ 5,889,477</u>	<u>\$ 3,961,585</u>	<u>\$ (1,927,892)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

PROPRIETARY FUND DESCRIPTIONS

Nonmajor Enterprise Fund

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing basis are financed or recovered quickly through user charges. This fund can also account for operations where the school board has decided that periodic determination of revenues earned, expenses incurred, and income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Special Enterprise

Section 5705.12, Revised Code

A fund to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and direct costs) of providing goods or services to the students or general public on a continuing basis are financed or recovered primarily through user charges. This fund can also account for operations where the school board has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund accounts for the programs of the community center and summer school. The District maintains only one enterprise fund, therefore combining statements schedules are not required.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Special Enterprise				
Total revenues	\$ 33,000	\$ 33,715	\$ 33,090	\$ (625)
Total expenses	<u>70,012</u>	<u>67,837</u>	<u>42,402</u>	<u>25,435</u>
Net change in fund balance	(37,012)	(34,122)	(9,312)	24,810
Fund balance at beginning of year.	70,774	70,774	70,774	-
Prior year encumbrances appropriated.	<u>5,012</u>	<u>5,012</u>	<u>5,012</u>	<u>-</u>
Fund balance at end of year	<u>\$ 38,774</u>	<u>\$ 41,664</u>	<u>\$ 66,474</u>	<u>\$ 24,810</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

FIDUCIARY FUND DESCRIPTIONS

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust and agency funds. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results

Private Purpose Trust Fund

Scholarship Trust

Section 5705.09, Revised Code

A fund provided to account for monies set aside from endowments for scholarships for students enrolled in the District. The principal and income from such a fund may be expended.

Agency Funds

District Agency

Section 5705.12, Revised Code

A fund provided to account for monies for Ohio High School Athletic Association (OHSAA) tournaments.

Student Managed Activity

Section 3313.062, Revised Code

A fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Balance July 1, 2017	Additions	Deletions	Ending Balance June 30, 2018
District Agency				
Assets:				
Equity in pooled cash and cash equivalents	\$ 13,014	\$ 82,506	\$ 36,949	\$ 58,571
Total assets	<u>\$ 13,014</u>	<u>\$ 82,506</u>	<u>\$ 36,949</u>	<u>\$ 58,571</u>
Liabilities:				
Loans from other funds.	\$ -	\$ 499	\$ -	\$ 499
Intergovernmental payable.	-	5,485	-	5,485
Due to others	13,014	76,522	36,949	52,587
Total liabilities	<u>\$ 13,014</u>	<u>\$ 82,506</u>	<u>\$ 36,949</u>	<u>\$ 58,571</u>
Student Managed Activity				
Assets:				
Equity in pooled cash and cash equivalents	\$ 44,842	\$ 133,314	\$ 114,203	\$ 63,953
Receivables				
Accounts	30	-	30	-
Total assets	<u>\$ 44,872</u>	<u>\$ 133,314</u>	<u>\$ 114,233</u>	<u>\$ 63,953</u>
Liabilities:				
Accounts payable	\$ 272	\$ 80	\$ 272	\$ 80
Loans from other funds.	-	504	-	504
Due to students	44,600	132,730	113,961	63,369
Total liabilities.	<u>\$ 44,872</u>	<u>\$ 133,314</u>	<u>\$ 114,233</u>	<u>\$ 63,953</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents	\$ 57,856	\$ 215,820	\$ 151,152	\$ 122,524
Receivables				
Accounts	30	-	30	-
Total assets	<u>\$ 57,886</u>	<u>\$ 215,820</u>	<u>\$ 151,182</u>	<u>\$ 122,524</u>
Liabilities:				
Accounts payable	\$ 272	\$ 80	\$ 272	\$ 80
Loans from other funds.	-	1,003	-	1,003
Intergovernmental payable.	-	5,485	-	5,485
Due to others.	13,014	76,522	36,949	52,587
Due to students	44,600	132,730	113,961	63,369
Total liabilities	<u>\$ 57,886</u>	<u>\$ 215,820</u>	<u>\$ 151,182</u>	<u>\$ 122,524</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Scholarship Trust				
Total revenues	\$ 15,863	\$ 13,606	\$ 16,047	\$ 2,441
Total expenses	<u>24,851</u>	<u>25,976</u>	<u>19,441</u>	<u>6,535</u>
Net change in fund balance	(8,988)	(12,370)	(3,394)	8,976
Fund balance at beginning of year.	79,264	79,264	79,264	-
Prior year encumbrances appropriated.	<u>2,951</u>	<u>2,951</u>	<u>2,951</u>	<u>-</u>
Fund balance at end of year	<u>\$ 73,227</u>	<u>\$ 69,845</u>	<u>\$ 78,821</u>	<u>\$ 8,976</u>

STATISTICAL SECTION

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STATISTICAL SECTION

This part of the Austintown Local School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	144-157
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	158-163
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	164-167
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	168-169
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	170-181

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017 (1)</u>	<u>2016</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 29,790,809	\$ 27,599,557	\$ 29,045,461	\$ 29,351,797
Restricted	11,108,296	9,859,803	6,567,781	5,652,682
Unrestricted (deficit)	(46,546,373)	(66,369,267)	(52,464,252)	(56,462,790)
Total governmental activities net position	<u>(5,647,268)</u>	<u>(28,909,907)</u>	<u>(16,851,010)</u>	<u>(21,458,311)</u>
Business-type activities:				
Investment in capital assets	17,314	20,745	24,176	20,857
Unrestricted	53,384	55,401	75,540	80,822
Total governmental activities net position	<u>70,698</u>	<u>76,146</u>	<u>99,716</u>	<u>101,679</u>
Primary government:				
Net investment in capital assets	29,808,123	27,620,302	29,069,637	29,372,654
Restricted	11,108,296	9,859,803	6,567,781	5,652,682
Unrestricted (deficit)	(46,492,989)	(66,313,866)	(52,388,712)	(56,381,968)
Total net position - primary government	<u>\$ (5,576,570)</u>	<u>\$ (28,833,761)</u>	<u>\$ (16,751,294)</u>	<u>\$ (21,356,632)</u>

Source: District financial records.

Note: 2017 amounts have been restated due to the implementation of GASB Statement No. 75.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 29,743,734	\$ 31,791,028	\$ 21,302,378	\$ 11,061,480	\$ 10,941,252	\$ 11,806,994
4,200,520	4,589,989	15,611,971	26,787,374	2,710,737	2,557,821
(58,365,762)	4,063,854	2,812,283	627,175	(1,162,831)	(2,970,216)
<u>(24,421,508)</u>	<u>40,444,871</u>	<u>39,726,632</u>	<u>38,476,029</u>	<u>12,489,158</u>	<u>11,394,599</u>
24,518	16,489	21,723	24,231	23,388	29,338
86,419	79,163	33,237	24,409	43,559	67,232
<u>110,937</u>	<u>95,652</u>	<u>54,960</u>	<u>48,640</u>	<u>66,947</u>	<u>96,570</u>
29,768,252	31,807,517	21,324,101	11,085,711	10,964,640	11,836,332
4,200,520	4,589,989	15,611,971	26,787,374	2,710,737	2,557,821
(58,279,343)	4,143,017	2,845,520	651,584	(1,119,272)	(2,902,984)
<u>\$ (24,310,571)</u>	<u>\$ 40,540,523</u>	<u>\$ 39,781,592</u>	<u>\$ 38,524,669</u>	<u>\$ 12,556,105</u>	<u>\$ 11,491,169</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Governmental activities:				
Instruction:				
Regular	\$ 10,424,769	\$ 22,520,187	\$ 20,527,557	\$ 22,210,972
Special	3,990,260	6,262,278	5,500,588	6,134,578
Vocational	57,871	252,681	356,298	385,273
Other	3,117,409	2,923,523	2,925,009	2,441,428
Support services:				
Pupil	1,767,133	2,766,063	2,793,171	2,837,305
Instructional staff	570,278	1,047,596	945,108	997,171
Board of education	70,354	78,160	68,733	89,853
Administration	2,194,107	4,577,641	4,380,475	4,398,169
Fiscal	659,954	1,012,466	974,065	1,002,069
Business	14,764	3,816	3,299	2,404
Operations and maintenance	3,237,215	4,716,927	4,615,957	4,272,007
Pupil transportation	1,277,316	2,256,766	2,026,410	2,125,452
Central	91,718	72,094	38,939	22,194
Operation of non-instructional services:				
Food service operations	1,334,301	2,059,632	2,208,041	2,578,874
Other non-instructional services	721	8,368	678	2,939
Extracurricular activities	729,298	1,164,038	1,224,315	1,129,455
Interest and fiscal charges	1,925,005	2,166,380	2,235,590	2,254,351
Total governmental activities expenses	<u>31,462,473</u>	<u>53,888,616</u>	<u>50,824,233</u>	<u>52,884,494</u>
Business-type activities:				
Special enterprise	38,028	57,275	68,948	65,559
Total business-type activities expenses	<u>38,028</u>	<u>57,275</u>	<u>68,948</u>	<u>65,559</u>
Total primary government expenses	<u>\$ 31,500,501</u>	<u>\$ 53,945,891</u>	<u>\$ 50,893,181</u>	<u>\$ 52,950,053</u>

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	22,304,725	\$ 19,163,737	\$ 19,067,875	\$ 19,873,586	\$ 19,689,324	\$ 19,736,189
	6,170,417	5,922,687	6,170,894	5,880,047	5,945,781	5,370,879
	427,984	490,228	265,908	233,553	255,143	246,183
	2,150,753	2,064,679	1,735,218	1,788,380	1,851,855	1,589,751
	2,848,276	2,986,365	2,727,204	2,848,283	2,767,898	2,777,257
	759,210	1,512,809	1,276,998	1,466,491	1,963,838	1,531,181
	66,993	76,897	70,486	78,862	51,886	46,498
	4,332,735	3,910,556	3,611,879	3,711,310	3,703,502	3,642,006
	1,001,162	959,253	922,903	869,790	837,264	891,394
	2,252	2,766	1,579	51,035	3,772	6,214
	4,499,699	4,127,638	3,881,539	3,992,828	4,130,588	4,246,874
	1,886,764	2,104,974	2,524,356	2,691,538	2,543,253	2,413,659
	7,200	34,522	19,025	7,278	337	557
	2,556,366	2,478,956	2,175,771	1,960,212	1,851,766	1,894,552
	107,209	153,856	190,475	158,420	337,536	216,103
	1,176,115	1,031,889	1,021,988	983,310	1,096,890	1,063,997
	2,292,137	2,349,048	2,577,479	2,621,249	1,218,649	1,245,703
	<u>52,589,997</u>	<u>49,370,860</u>	<u>48,241,577</u>	<u>49,216,172</u>	<u>48,249,282</u>	<u>46,918,997</u>
	<u>49,887</u>	<u>41,755</u>	<u>84,011</u>	<u>89,222</u>	<u>98,683</u>	<u>55,044</u>
	<u>49,887</u>	<u>41,755</u>	<u>84,011</u>	<u>89,222</u>	<u>98,683</u>	<u>55,044</u>
\$	<u>52,639,884</u>	<u>\$ 49,412,615</u>	<u>\$ 48,325,588</u>	<u>\$ 49,305,394</u>	<u>\$ 48,347,965</u>	<u>\$ 46,974,041</u>

- - Continued

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 4,561,556	\$ 4,771,471	\$ 4,637,764	\$ 4,262,415
Special	112,746	53,938	9,141	49,872
Vocational	-	-	-	-
Support services:				
Pupil	-	440	3,360	6,335
Instructional staff	27,946	36,080	20,932	25,426
Administration	188,500	215,261	227,544	223,013
Operations and maintenance	6,210	10,659	6,796	11,084
Pupil transportation	-	4,386	-	40,130
Operation of non-instructional services:				
Food service operations	653,104	625,004	660,331	905,960
Other non-instructional services	7,016	766	987	1,164
Extracurricular activities	375,041	356,181	382,494	416,796
Operating grants and contributions:				
Instruction:				
Regular	91,137	109,087	103,752	94,951
Special	4,061,080	4,349,983	4,122,161	4,412,424
Vocational	211,953	211,637	44,814	27,143
Other	-	-	-	-
Support services:				
Pupil	32,710	87,816	70,282	137,878
Instructional staff	206,340	213,661	221,806	244,042
Administration	221,457	728,541	516,634	560,213
Fiscal	-	448	142	1,261
Operations and maintenance	1,671	2,547	-	-
Pupil transportation	119,307	102,217	69,048	86,915
Central	7,200	7,200	7,200	7,200
Operation of non-instructional services:				
Food service operations	1,412,865	1,480,306	1,401,261	1,309,934
Other non-instructional services	-	18,784	-	3,763
Extracurricular activities	9,242	1,712	1,933	5,907
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	-
Support services:				
Pupil	-	-	-	-
Pupil transportation	-	-	-	1,017,866
Operation of non-instructional services:				
Food service operations	36,841	-	-	-
Extracurricular activities	61,968	-	165,000	-
Total governmental program revenues	<u>12,405,890</u>	<u>13,388,125</u>	<u>12,673,382</u>	<u>13,851,692</u>
Business-type activities:				
Charges for services:				
Special enterprise	32,580	33,705	41,985	56,301
Operating grants and contributions:				
Special enterprise	-	-	-	-
Total business-type activities program revenues	<u>32,580</u>	<u>33,705</u>	<u>41,985</u>	<u>56,301</u>
Total primary government program revenues	<u>\$ 12,438,470</u>	<u>\$ 13,421,830</u>	<u>\$ 12,715,367</u>	<u>\$ 13,907,993</u>

	2014	2013	2012	2011	2010	2009
\$	4,207,608	\$ 3,555,056	\$ 3,262,906	\$ 2,124,828	\$ 1,279,150	\$ 159,310
	59,438	95,363	15,753	11,547	25,908	34,454
	-	-	-	-	-	24,322
	25,901	150	-	9,847	7,956	9,816
	186	10,293	23,368	-	23,668	21,135
	231,750	266,897	229,342	238,817	295,431	279,776
	18,194	32,567	18,629	15,006	28,586	26,827
	40,967	50,950	4,484	-	4,483	-
	695,019	753,177	741,636	804,368	851,382	902,214
	4,957	776	769	888	1,035	530
	394,013	365,512	332,189	404,993	306,552	329,550
	93,764	91,927	143,448	1,132,693	133,344	379,489
	3,599,129	3,321,101	3,268,324	3,389,195	3,484,424	2,834,232
	29,347	69,315	69,315	69,315	68,799	68,664
	-	-	-	73,374	58,040	-
	98,996	9,457	141,255	206,905	147,497	100,687
	230,462	231,297	452,485	494,611	614,738	363,313
	347,155	367,216	109,953	1,781,995	1,299,518	152,470
	1,496	429	7,553	4,148	15,926	-
	-	-	-	-	-	63,698
	107,458	121,610	242,773	126,652	97,938	133,787
	7,200	-	-	-	-	-
	1,344,807	1,389,443	1,273,355	1,149,164	1,162,895	936,765
	111,371	139,630	169,882	178,227	234,751	245,050
	1,109	2,883	13,501	608	873	823
	-	-	-	-	-	-
	-	376,037	92,776	-	-	-
	-	-	-	-	-	71,261
	-	-	-	-	-	-
	-	-	-	-	-	36,353
	<u>11,650,327</u>	<u>11,251,086</u>	<u>10,613,696</u>	<u>12,217,181</u>	<u>10,142,894</u>	<u>7,174,526</u>
	65,172	62,417	64,885	65,915	67,514	71,608
	-	-	-	-	1,546	-
	<u>65,172</u>	<u>62,417</u>	<u>64,885</u>	<u>65,915</u>	<u>69,060</u>	<u>71,608</u>
\$	<u>11,715,499</u>	<u>\$ 11,313,503</u>	<u>\$ 10,678,581</u>	<u>\$ 12,283,096</u>	<u>\$ 10,211,954</u>	<u>\$ 7,246,134</u>

-- Continued

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CHANGES IN NET POSITION - (Continued)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (expense)/revenue				
Governmental activities	\$ (19,056,583)	\$ (40,500,491)	\$ (38,150,851)	\$ (39,032,802)
Business-type activities	(5,448)	(23,570)	(26,963)	(9,258)
Total primary government net expense	<u>(19,062,031)</u>	<u>(40,524,061)</u>	<u>(38,177,814)</u>	<u>(39,042,060)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	16,866,792	16,475,545	16,518,175	16,077,123
Debt service	2,821,914	2,723,873	2,728,615	2,703,334
Classroom facilities maintenance	263,846	258,588	259,979	250,259
Grants and entitlements not restricted to specific programs	22,078,310	22,180,062	22,224,730	22,772,715
Grants and entitlements restricted for Ohio School Facilities Commission	-	-	793,118	-
Investment earnings	156,449	20,548	8,710	5,633
Gain on sale of capital assets	-	1,484,030	-	-
Miscellaneous	131,911	75,219	249,825	186,935
Transfers	-	-	(25,000)	-
Special item	-	-	-	-
Total governmental activities	<u>42,319,222</u>	<u>43,217,865</u>	<u>42,758,152</u>	<u>41,995,999</u>
Business-type activities:				
Miscellaneous	-	-	-	-
Transfers	-	-	25,000	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Change in net position				
Governmental activities	23,262,639	2,717,374	4,607,301	2,963,197
Business-type activities	(5,448)	(23,570)	(1,963)	(9,258)
Total primary government	<u>\$ 23,257,191</u>	<u>\$ 2,693,804</u>	<u>\$ 4,605,338</u>	<u>\$ 2,953,939</u>

Source: District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ (40,939,670)	\$ (38,119,774)	\$ (37,627,881)	\$ (36,998,991)	\$ (38,106,388)	\$ (39,744,471)
15,285	20,662	(19,126)	(23,307)	(29,623)	16,564
<u>(40,924,385)</u>	<u>(38,099,112)</u>	<u>(37,647,007)</u>	<u>(37,022,298)</u>	<u>(38,136,011)</u>	<u>(39,727,907)</u>
15,398,511	15,557,798	15,764,653	15,860,458	15,932,210	16,417,867
2,725,756	2,737,581	2,780,185	2,314,189	1,528,636	1,499,746
246,618	244,149	249,048	161,560	-	-
21,208,581	20,008,694	20,556,806	20,634,581	21,601,726	19,949,270
-	-	-	23,661,484	-	-
3,479	28,692	124,079	334,362	89,584	182,106
-	-	-	-	-	-
53,352	281,099	18,140	24,228	48,791	48,900
-	(20,000)	(24,300)	(5,000)	-	-
<u>(1,022,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>38,614,150</u>	<u>38,838,013</u>	<u>39,468,611</u>	<u>62,985,862</u>	<u>39,200,947</u>	<u>38,097,889</u>
-	30	1,146	-	-	-
-	20,000	24,300	5,000	-	-
-	20,030	25,446	5,000	-	-
(2,325,520)	718,239	1,840,730	25,986,871	1,094,559	(1,646,582)
15,285	40,692	6,320	(18,307)	(29,623)	16,564
<u>\$ (2,310,235)</u>	<u>\$ 758,931</u>	<u>\$ 1,847,050</u>	<u>\$ 25,968,564</u>	<u>\$ 1,064,936</u>	<u>\$ (1,630,018)</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General fund:				
Nonspendable	\$ 121,871	\$ 121,742	\$ 13,271	\$ 12,646
Restricted	1,429,684	-	-	-
Committed	727,417	-	-	450,000
Assigned	2,454,052	3,892,425	3,119,799	1,063,655
Unassigned	920,739	-	-	-
Reserved	-	-	-	-
Designated	-	-	-	-
Unreserved, undesignated (deficit)	-	-	-	-
Total general fund	<u>\$ 5,653,763</u>	<u>\$ 4,014,167</u>	<u>\$ 3,133,070</u>	<u>\$ 1,526,301</u>
All other governmental funds:				
Nonspendable	\$ 4,085	\$ 3,878	\$ -	\$ -
Restricted	12,022,242	10,335,903	7,140,408	6,010,944
Committed	4,171,073	7,267,499	5,889,080	4,118,638
Unassigned (deficit)	(238,257)	(224,302)	(271,792)	(353,842)
Reserved	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 15,959,143</u>	<u>\$ 17,382,978</u>	<u>\$ 12,757,696</u>	<u>\$ 9,775,740</u>

Source: District financial records.

Note: The District implemented GASB Statement No. 54 in fiscal year 2011. Descriptions of the GASB Statement No. 54 fund balance classifications can be found in Note 2.K. of the basic financial statements. Prior to fiscal year 2011, fund balance was classified as either reserved or unreserved. Reserved fund balance indicates that portion of fund balance which is not available for current appropriation or is legally segregated for a specific use. Any fund balance not classified as reserved was classified as unreserved.

2014	2013	2012	2011	2010	2009
\$ 38,265	\$ 41,579	\$ 35,745	\$ 35,538	\$ -	\$ -
-	-	8,395	71,058	-	-
704,564	450,000	-	-	-	-
200,610	1,006,458	1,858,367	457,516	-	-
-	-	-	82,512	-	-
-	-	-	-	195,350	397,580
-	-	-	-	128,000	224,000
-	-	-	-	252,909	(2,180,785)
<u>\$ 943,439</u>	<u>\$ 1,498,037</u>	<u>\$ 1,902,507</u>	<u>\$ 646,624</u>	<u>\$ 576,259</u>	<u>\$ (1,559,205)</u>
\$ 30,000	\$ 30,000	\$ 122,776	\$ 34,390	\$ -	\$ -
4,791,177	14,582,543	38,876,043	35,690,765	-	-
3,509,858	2,536,557	1,591,572	479,417	-	-
(62,812)	(172,212)	(173,051)	(3,510)	-	-
-	-	-	-	1,211,413	1,492,412
-	-	-	-	668,015	802,325
-	-	-	-	116,884	149,834
<u>\$ 8,268,223</u>	<u>\$ 16,976,888</u>	<u>\$ 40,417,340</u>	<u>\$ 36,201,062</u>	<u>\$ 1,996,312</u>	<u>\$ 2,444,571</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues				
From local sources:				
Taxes	\$ 19,815,070	\$ 19,604,494	\$ 19,551,161	\$ 19,273,556
Tuition	4,493,718	4,641,407	4,437,048	4,094,944
Charges for services	654,095	625,770	661,318	905,124
Earnings on investments	159,155	20,684	8,771	5,671
Extracurricular	536,357	544,913	586,449	660,728
Classroom materials and fees	176,755	179,657	204,415	214,870
Other local revenues	159,612	136,832	451,566	161,060
Intergovernmental - intermediate	45,925	25,499	27,069	26,307
Intergovernmental - state	24,089,206	24,321,803	25,072,726	24,766,225
Intergovernmental - federal	4,717,439	4,699,313	4,413,245	5,717,474
Total revenues	<u>54,847,332</u>	<u>54,800,372</u>	<u>55,413,768</u>	<u>55,825,959</u>
Expenditures				
Current:				
Instruction:				
Regular	21,311,869	20,338,740	19,489,843	21,400,913
Special	6,434,344	5,894,953	5,351,774	6,051,218
Vocational	209,345	239,464	354,622	386,606
Other	3,117,409	2,923,523	2,925,009	2,441,428
Support services:				
Pupil	2,734,732	2,599,598	2,727,767	2,853,507
Instructional staff	986,245	949,414	872,949	903,498
Board of education	70,354	77,372	68,733	89,853
Administration	4,158,774	4,308,218	4,318,853	4,400,906
Fiscal	911,588	972,492	946,849	985,197
Business	14,764	3,816	3,299	2,404
Operations and maintenance	4,328,965	4,469,769	4,324,087	3,948,860
Pupil transportation	2,904,415	1,912,685	1,803,446	3,065,357
Central	91,718	72,094	38,939	22,194
Operation of non-instructional services:				
Food service operations	1,862,728	1,891,961	2,053,105	2,460,143
Other non-instructional services	6,439	8,150	743	22,756
Extracurricular activities	1,265,169	1,008,919	1,109,372	1,002,985
Facilities acquisitions and construction	2,878,241	377,324	1,345,234	425,456
Debt service:				
Principal retirement	1,100,004	1,008,596	952,232	1,120,976
Interest and fiscal charges	1,763,545	1,845,505	2,113,187	2,152,073
Issuance expenses	20,600	241,192	-	-
Total expenditures	<u>56,171,248</u>	<u>51,143,785</u>	<u>50,800,043</u>	<u>53,736,330</u>
Excess of revenues over (under) expenditures	\$ (1,323,916)	\$ 3,656,587	\$ 4,613,725	\$ 2,089,629

	2014	2013	2012	2011	2010	2009
\$	18,773,297	\$ 18,619,192	\$ 18,701,158	\$ 18,027,724	\$ 17,208,374	\$ 17,941,733
	4,080,360	3,505,796	3,132,701	2,014,999	1,181,377	85,745
	695,849	753,953	742,405	805,256	852,417	902,744
	8,375	55,156	125,013	306,037	99,280	198,218
	610,912	610,054	546,350	584,360	587,519	593,200
	183,440	144,666	130,993	121,393	122,782	131,949
	256,839	418,759	140,613	151,326	170,847	171,582
	18,000	17,810	55,704	16,309	23,255	49,350
	22,870,197	23,595,375	35,497,924	28,860,425	23,683,691	22,413,011
	4,467,784	4,726,326	5,259,663	6,159,747	5,176,241	2,913,014
	<u>51,965,053</u>	<u>52,447,087</u>	<u>64,332,524</u>	<u>57,047,576</u>	<u>49,105,783</u>	<u>45,400,546</u>
	20,938,263	18,729,461	18,580,788	19,360,689	18,935,450	19,009,083
	5,930,474	5,819,119	6,091,849	5,791,048	5,855,395	5,244,421
	453,898	504,341	245,931	236,402	251,216	243,095
	2,150,753	2,064,679	1,735,218	1,788,380	1,851,855	1,589,751
	2,772,975	3,377,312	2,721,137	2,835,923	2,796,078	2,755,992
	624,205	1,416,437	1,186,546	1,334,236	1,797,980	1,385,185
	66,993	76,897	70,486	78,862	51,886	46,498
	4,157,479	3,823,407	3,523,827	3,697,590	3,680,843	3,546,945
	983,085	979,010	921,691	873,475	881,289	844,500
	2,252	2,766	1,579	66,035	3,772	6,214
	4,320,762	3,608,713	3,563,604	3,814,778	4,091,115	4,108,072
	1,729,875	1,930,052	2,408,338	2,473,669	2,291,795	2,288,762
	7,200	34,522	19,025	7,278	337	557
	2,328,982	2,481,898	2,092,702	1,874,849	1,744,407	1,770,589
	107,519	153,856	190,444	158,420	337,797	215,813
	964,507	894,706	911,501	879,926	989,059	956,250
	9,751,157	26,666,224	10,750,612	1,671,462	169,283	1,857,459
	1,754,757	1,343,595	1,060,015	27,273,657	570,552	511,194
	2,184,671	2,482,711	2,761,800	2,182,301	1,117,785	1,135,753
	-	-	260,989	399,577	-	-
	<u>61,229,807</u>	<u>76,389,706</u>	<u>59,098,082</u>	<u>76,798,557</u>	<u>47,417,894</u>	<u>47,516,133</u>
\$	(9,264,754)	\$ (23,942,619)	\$ 5,234,442	\$ (19,750,981)	\$ 1,687,889	\$ (2,115,587)

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - (Continued)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Other financing sources (uses)				
Transfers in	\$ 545,251	\$ 2,072,223	\$ 2,357,245	\$ 2,301,872
Transfers (out)	(545,251)	(2,072,223)	(2,382,245)	(2,301,872)
Sale of assets	6,101	1,592,894	-	750
Insurance recoveries	77,448	-	-	-
Lease purchase agreement	1,450,000	-	-	-
Sale of bonds	-	12,460,000	-	-
Sale of notes	-	-	-	-
Payment to refunded bond escrow agent	-	(12,874,460)	-	-
Premium on bonds	-	660,356	-	-
Premium on notes	-	-	-	-
Total other financing sources (uses)	<u>1,533,549</u>	<u>1,838,790</u>	<u>(25,000)</u>	<u>750</u>
Net change in fund balances	<u>\$ 209,633</u>	<u>\$ 5,495,377</u>	<u>\$ 4,588,725</u>	<u>\$ 2,090,379</u>
Debt service as a percentage of noncapital expenditures	5.50%	5.63%	6.19%	6.26%

Source: District financial records.

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,026,605	\$ 754,185	\$ 1,278,424	\$ 644,744	\$ 251,934	\$ 213,425
(1,026,605)	(774,185)	(1,298,424)	(649,744)	(251,934)	(213,425)
1,491	117,697	1,120	3,040	1,858	582
-	-	-	-	-	-
-	-	-	-	-	-
-	-	20,975,000	26,680,000	-	-
-	-	-	26,682,099	-	-
-	-	(23,431,421)	-	-	-
-	-	2,717,410	566,162	-	-
-	-	-	91,253	-	-
<u>1,491</u>	<u>97,697</u>	<u>242,109</u>	<u>54,017,554</u>	<u>1,858</u>	<u>582</u>
<u>\$ (9,263,263)</u>	<u>\$ (23,844,922)</u>	<u>\$ 5,476,551</u>	<u>\$ 34,266,573</u>	<u>\$ 1,689,747</u>	<u>\$ (2,115,005)</u>
7.55%	7.68%	7.88%	39.18%	3.57%	3.61%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN COLLECTION YEARS

Collection Year	Real Property (a)	Tangible Personal Property (b)		
	Assessed Value	Tangible Assessed Value	Public Utility (b) Assessed Value	Total
2018	\$ 595,386,870	\$ -	\$ 18,797,940	\$ 18,797,940
2017	582,745,890	-	18,048,740	18,048,740
2016	590,722,110	-	16,716,740	16,716,740
2015	571,626,360	-	16,499,530	16,499,530
2014	577,611,960	-	14,654,570	14,654,570
2013	568,931,040	-	13,376,760	13,376,760
2012	566,485,580	-	12,301,240	12,301,240
2011	595,580,890	-	11,788,190	11,788,190
2010	595,856,810	526,550	11,376,920	11,903,470
2009	598,068,280	1,058,233	10,757,860	11,816,093

Source: Mahoning County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed.

Total			
Assessed Value	Estimated Actual Value	%	Total Direct Tax Rate
\$ 614,184,810	\$ 1,776,297,103	34.58%	\$ 60.40
600,794,630	1,737,183,217	34.58%	60.40
607,438,850	1,754,644,417	34.62%	60.30
588,125,890	1,699,216,291	34.61%	60.40
592,266,530	1,708,938,166	34.66%	60.60
582,307,800	1,679,024,297	34.68%	60.60
578,786,820	1,667,735,189	34.70%	60.60
607,369,080	1,748,812,446	34.73%	60.40
607,760,280	1,750,061,909	34.73%	57.50
609,884,373	1,756,030,886	34.73%	57.50

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Overlapping Rates				Direct Rates				
	Mahoning County	Austintown Township	Park District	Career Center	Voted			Unvoted	Total
					General	Bond	Capital		
2017/2018	\$ 14.30	\$ 19.50	\$ 2.00	\$ 2.10	\$ 48.20	\$ 5.30	\$ 0.50	\$ 6.40	\$ 60.40
2016/2017	14.30	19.50	2.00	2.10	48.20	5.30	0.50	6.40	60.40
2015/2016	13.30	19.00	1.75	2.10	48.20	5.20	0.50	6.40	60.30
2014/2015	13.70	19.00	1.75	2.10	48.20	5.30	0.50	6.40	60.40
2013/2014	13.70	19.00	1.75	2.10	48.20	5.50	0.50	6.40	60.60
2012/2013	13.70	19.00	1.75	2.10	48.20	5.50	0.50	6.40	60.60
2011/2012	13.70	18.60	1.75	2.10	48.20	5.50	0.50	6.40	60.60
2010/2011	13.70	18.10	1.75	2.10	48.20	5.30	0.50	6.40	60.40
2009/2010	11.90	18.10	1.75	2.10	48.20	2.90	-	6.40	57.50
2008/2009	11.90	18.10	1.75	2.10	48.20	2.90	-	6.40	57.50

Source: Ohio Department of Taxation

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**PRINCIPAL PROPERTY TAX PAYERS
DECEMBER 31, 2017 AND DECEMBER 31, 2008**

December 31, 2017			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
GLP Capital	\$ 10,827,920	1	1.80%
Central Park West Ltd.	4,667,770	2	0.78%
Austintown Plaza Ltd.	4,124,530	3	0.69%
Wal-Mart Real Estate	2,696,210	4	0.45%
Hillbrook Apartments Associates LLC	2,544,580	5	0.42%
Westminster Associates	2,487,800	6	0.41%
Austintown Realty CO.	2,400,300	7	0.40%
35th Strouss Associates	2,391,140	8	0.40%
West View Village Co.	2,355,390	9	0.39%
Flankin LLC	2,228,970	10	0.37%
Total	\$ 36,724,610		6.11%

December 31, 2008			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
P&S Equities	\$ 3,966,450	1	0.65%
Austintown Plaza Ltd.	3,335,040	2	0.55%
West View Village Co.	2,819,220	3	0.46%
Wal-Mart Real Estate	2,761,990	4	0.45%
Hillbrook Apartments	2,504,530	5	0.41%
PNC ARCS LLC	2,372,480	6	0.39%
35th Strouss Associates	2,351,960	7	0.39%
Austintown Realty Co.	2,094,720	8	0.34%
Austintown Properties Ltd.	1,813,770	9	0.30%
Austintown Associates	1,715,740	10	0.28%
Total	\$ 25,735,900		4.22%

Source: Mahoning County Auditor's Office

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDAR YEARS**

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2017	\$ 22,672,202	\$ 1,479,690	\$ 24,151,892	\$ 22,128,162	97.60%
2016	22,455,504	2,110,050	24,565,554	21,903,040	97.54%
2015	22,171,449	2,122,271	24,293,720	21,600,555	97.43%
2014	21,820,755	2,031,694	23,852,449	21,218,934	97.24%
2013	21,678,771	2,359,579	24,038,350	20,995,075	96.85%
2012	21,561,681	2,376,596	23,938,277	20,820,233	96.56%
2011	21,778,746	2,937,700	24,716,446	20,981,142	96.34%
2010	19,948,776	2,630,491	22,579,267	19,159,546	96.04%
2009	19,780,329	2,571,092	22,351,421	18,997,922	96.04%
2008	20,570,272	2,474,778	23,045,050	19,564,836	95.11%

Source: Mahoning County Auditor's Office

Note: N/A indicates that the information was not available.

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
\$ 593,835	\$ 22,721,997	94.08%
643,356	22,546,396	91.78%
847,877	22,448,432	92.40%
847,878	22,066,812	92.51%
713,760	21,708,835	90.31%
N/A	20,820,233	86.97%
758,253	21,739,395	87.96%
712,018	19,871,564	88.01%
767,602	19,765,524	88.43%
837,096	20,401,932	88.53%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita	(b) Per ADM
	General Obligation Bonds	Asbestos Abatement Loan	H.B. 264 Loan	Lease Purchase Agreement				
2018	\$ 44,772,894	\$ -	\$ 100,680	\$ 1,450,000	\$ 46,323,574	6.10%	\$ 1,450	\$ 10,086
2017	45,837,957	-	130,684	-	45,968,641	6.05%	1,439	9,287
2016	46,608,720	-	159,280	-	46,768,000	6.15%	1,464	9,454
2015	47,541,287	-	186,512	-	47,727,799	5.95%	1,494	9,671
2014	48,663,517	-	212,488	-	48,876,005	6.09%	1,530	9,136
2013	50,415,620	-	237,245	-	50,652,865	6.31%	1,586	9,584
2012	52,029,204	-	260,840	-	52,290,044	6.52%	1,637	9,825
2011	50,710,395	12,562	283,293	-	51,006,250	6.71%	1,485	9,891
2010	23,902,028	37,686	304,727	-	24,244,441	3.05%	695	4,723
2009	24,337,211	62,810	325,155	-	24,725,176	3.18%	697	4,991

Sources:

(a) See notes to the financial statements regarding the District's outstanding debt information.

(b) See schedule " Demographic and Economic Statistic, Last Ten Fiscal Years" for personal income, population and enrollment information.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Restricted for Debt Service	Net Bonded Debt		
2018	\$ 44,772,894	\$ 4,377,513	\$ 40,395,381	2.27%	\$ 1,264
2017	45,837,957	3,478,150	42,359,807	2.44%	1,326
2016	46,608,720	2,566,938	44,041,782	2.51%	1,379
2015	47,541,287	1,983,082	45,558,205	2.68%	1,426
2014	48,663,517	1,547,615	47,115,902	2.76%	1,475
2013	50,415,620	1,434,114	48,981,506	2.92%	1,533
2012	52,029,204	1,728,489	50,300,715	3.02%	1,575
2011	50,710,395	1,477,084	49,233,311	2.82%	1,433
2010	23,639,958	1,225,378	22,414,580	1.28%	642
2009	24,062,305	997,016	23,065,289	1.31%	650

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Note: The portion specific of restricted debt service to principal and interest cannot be determined. The entire balance may be applied to principal.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
Austintown Local School District	\$ 46,323,574	100.00%	\$ 46,323,574
Total direct	<u>46,323,574</u>		<u>46,323,574</u>
Overlapping:			
Mahoning County	31,870,000	14.67%	4,675,329
Austintown Township	548,000	98.68%	540,766
City of Youngstown	15,760,000	0.07%	11,032
Mahoning County Career & Technical Center	1,624,999	16.38%	266,175
Total overlapping	<u>49,802,999</u>		<u>5,493,302</u>
Total direct and overlapping debt	<u>\$ 96,126,573</u>		<u>\$ 51,816,876</u>

Source: Ohio Municipal Advisory Council

Note: Percent applicable to Austintown Local School District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Unvoted Debt Limit	Voted Debt Limit	Total Debt Applicable to Limit	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2018	\$ 614,185	\$ 55,276,633	\$ 41,205,000	\$ 5,397,757	\$ 35,807,243	\$ 19,469,390	64.78%
2017	600,795	54,071,517	42,275,000	4,321,085	37,953,915	16,117,602	70.19%
2016	607,439	54,669,497	43,450,000	3,267,783	40,182,217	14,487,280	73.50%
2015	588,126	52,931,330	44,375,000	2,537,605	41,837,395	11,093,935	79.04%
2014	592,267	53,303,988	45,470,000	1,894,989	43,575,011	9,728,977	81.75%
2013	582,308	52,407,702	46,875,000	1,929,474	44,945,526	7,462,176	85.76%
2012	578,787	52,090,814	48,195,000	1,751,057	46,443,943	5,646,871	89.16%
2011	607,369	54,663,217	49,220,000	1,578,608	47,641,392	7,021,825	87.15%
2010	607,234	54,651,036	23,085,000	1,149,822	21,935,178	32,715,858	40.14%
2009	608,810	54,792,918	23,610,000	944,762	22,665,238	32,127,680	41.37%

Source: Mahoning County Auditor and District financial records

Note: Ohio bond law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.

Note: Voted debt margins are determined without reference to applicable monies in the District's debt service fund.

Note: Beginning in fiscal year 2007, the amount of assessed valuation for railroad and telephone personal property has been excluded from the debt margin calculation.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (5)</u>	<u>Median Family Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates (4)</u>		
						<u>Mahoning County</u>	<u>Ohio</u>	<u>United States</u>
2018	31,947	\$ 23,787	\$ 759,923,289	\$ 30,311	4,593	6.2%	4.5%	4.0%
2017	31,947	23,787	759,923,289	30,311	4,950	6.6%	5.0%	4.3%
2016	31,947	23,787	759,923,289	30,311	4,947	5.9%	5.0%	4.9%
2015	31,947	25,113	802,285,011	30,311	4,935	5.9%	5.2%	5.3%
2014	31,947	25,113	802,285,011	30,311	5,350	6.2%	5.5%	6.1%
2013	31,947	25,113	802,285,011	30,311	5,285	8.3%	7.2%	7.6%
2012	31,947	25,113	802,285,011	30,125	5,322	7.9%	7.2%	8.2%
2011	34,352	22,141	760,587,632	28,917	5,157	9.9%	8.8%	9.2%
2010	34,902	22,810	796,114,620	29,799	5,133	11.5%	10.5%	9.5%
2009	35,479	21,948	778,693,092	29,959	4,954	13.8%	11.2%	9.7%

Sources:

- (1 & 2) U. S. Census Bureau
- (3) District records
- (4) Bureau of Labor Statistics, U.S. Department of Labor
- (5) Per capita personal income multiplied by population

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

PRINCIPAL EMPLOYERS IN MAHONING COUNTY
DECEMBER 31, 2017 AND DECEMBER 31, 2008

December 31, 2017			
Employer	Employees	Rank	Percentage of Total County Employment
Mercy Health Partners	3,000	1	3.03%
Mahoning County	1,700	2	1.72%
Steward Valley Care Health System	1,600	3	1.62%
Youngstown State University	1,200	4	1.21%
Infocision Management	1,050	5	1.06%
VXI Global Solutions	1,050	6	1.06%
Youngstown City School District	1,000	7	1.01%
Windsor House	800	8	0.81%
Akron Children's Hospital	780	9	0.79%
Boardman Local School District	644	10	0.65%
Total	12,824		12.96%
Total County Employment	99,064		
December 31, 2008			
Employer	Employees	Rank	Percentage of Total County Employment
HM Health Services	4,218	1	3.91%
Youngstown State University	2,155	2	2.00%
Forum Health	1,700	3	1.57%
Mahoning County	1,957	4	1.81%
Youngstown City School District	1,664	5	1.54%
Infocision Management	1,038	6	0.96%
City of Youngstown	828	7	0.77%
U.S. Postal Service	750	8	0.69%
Boardman Local School District	652	9	0.60%
Austintown Local School District	581	10	0.54%
Total	15,543		14.39%
Total County Employment	107,993		

Source: Mahoning County Auditor's Office

Note: Information on principal employers at the City level could not be obtained; therefore, information at the County level will be disclosed.

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

STAFFING STATISTICS
FULL TIME EQUIVALENTS (FTE) BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Type</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Administration	24.00	20.00	21.00	20.00
Certificated staff:				
Regular	260.00	243.00	241.00	251.50
Special	41.00	39.00	28.00	33.00
Vocational	-	2.00	2.00	2.00
Educational service personnel	-	1.00	1.00	2.00
Counseling	12.00	13.00	13.00	12.00
Library media	-	-	-	-
Audio visual	-	-	-	-
Curriculum specialist	-	12.00	11.00	10.00
Tutor	-	31.00	30.00	31.62
Other	-	3.00	5.50	2.50
Professional staff:				
Nursing	2.00	2.00	2.00	2.00
Speech therapist	4.00	4.00	4.00	4.00
Technology:				
Library technician	-	-	-	-
Library aide	-	-	-	-
Other technical	8.00	7.00	3.77	5.44
Office/clerical:				
Office clerical	17.00	17.00	20.00	25.88
Instructional paraprofessional	63.00	64.00	36.66	39.59
Other clerical	-	4.00	4.31	2.00
Other operations:				
Maintenance	3.00	6.00	6.00	5.00
Custodial/grounds	44.00	42.00	41.44	40.72
Transportation/drivers	54.00	55.00	30.91	26.50
Food service	51.00	50.00	32.13	37.30
Other	4.00	-	1.00	1.00
Total	587.00	615.00	534.72	554.05

Source: District records

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
20.00	21.00	20.00	20.00	22.00	23.33
250.50	249.00	246.00	249.00	256.00	246.42
35.00	34.00	36.00	38.00	31.00	24.05
2.00	2.00	2.00	2.00	2.00	2.00
2.00	-	-	-	22.00	23.93
12.00	12.00	12.00	12.00	12.00	12.00
-	1.00	1.00	2.00	2.00	2.00
-	-	-	-	-	0.47
11.00	11.00	12.00	12.00	11.00	2.00
29.00	-	32.33	25.10	29.70	4.00
2.50	-	-	-	-	-
2.00	2.00	2.00	3.00	4.00	4.00
4.00	4.00	4.00	4.00	5.00	5.00
-	1.00	-	-	-	-
1.00	-	6.58	5.49	5.49	5.46
4.00	7.00	5.94	2.47	2.47	2.41
24.00	25.00	27.50	33.68	37.97	28.04
42.00	38.00	30.12	20.96	21.46	-
-	0.50	-	-	1.00	4.17
5.00	7.00	5.00	5.00	5.00	11.00
41.00	33.00	38.48	38.81	21.17	37.06
26.00	29.00	50.00	51.69	47.75	43.75
37.00	37.00	36.63	33.90	28.52	27.88
-	-	-	3.00	3.22	23.13
<u>550.00</u>	<u>513.50</u>	<u>567.58</u>	<u>562.10</u>	<u>570.75</u>	<u>532.10</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2018	2017	2016	2015
Instruction:				
Regular and special				
Enrollment (students)	4,593	4,950	4,947	4,935
Graduates	N/A	360	393	428
Graduation rate	91.80%	91.80%	93.00%	N/A
Support services:				
Board of education				
Regular meetings per year	12	12	12	12
Special meetings per year	16	6	9	8
Fiscal				
Nonpayroll checks issued	N/A	2,943	2,880	3,168
Operations and maintenance				
Square footage maintained	736,040	736,040	838,640	838,640
Pupil transportation				
Avg. students transported daily	N/A	2,857	3,228	3,300

Source: District records

Note: N/A indicates the information is unavailable.

2014	2013	2012	2011	2010	2009
5,350	5,285	5,322	5,157	5,133	4,954
405	353	362	369	390	362
96.00%	93.00%	99.70%	98.50%	99.20%	98.90%
12	12	12	12	13	13
10	8	8	12	11	14
3,459	3,472	3,391	3,872	4,344	3,963
937,983	843,247	843,247	843,247	843,247	843,247
3,138	3,117	N/A	3,486	3,486	4,132

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities:				
Land	\$ 779,851	\$ 779,851	\$ 885,690	\$ 885,690
Construction in progress	739,915	-	-	-
Land improvements	3,701,301	1,913,154	2,084,530	2,089,247
Buildings/improvements	64,180,719	66,188,179	68,062,564	69,107,469
Furniture/equipment	1,219,539	1,011,663	931,331	1,032,281
Vehicles	1,704,199	1,192,746	1,376,544	1,514,342
Textbooks	-	-	-	-
Total governmental activities capital assets, net	<u>\$ 72,325,524</u>	<u>\$ 71,085,593</u>	<u>\$ 73,340,659</u>	<u>\$ 74,629,029</u>
Business-type activities:				
Furniture/equipment	\$ 17,314	\$ 20,745	\$ 24,176	\$ 20,857
Total business-type activities capital assets, net	<u>\$ 17,314</u>	<u>\$ 20,745</u>	<u>\$ 24,176</u>	<u>\$ 20,857</u>
Primary government:				
Land	\$ 779,851	\$ 779,851	\$ 885,690	\$ 885,690
Construction in progress	739,915	-	-	-
Land improvements	3,701,301	1,913,154	2,084,530	2,089,247
Buildings/improvements	64,180,719	66,188,179	68,062,564	69,107,469
Furniture/equipment	1,236,853	1,032,408	955,507	1,053,138
Vehicles	1,704,199	1,192,746	1,376,544	1,514,342
Textbooks	-	-	-	-
Total primary government capital assets, net	<u>\$ 72,342,838</u>	<u>\$ 71,106,338</u>	<u>\$ 73,364,835</u>	<u>\$ 74,649,886</u>

Source: District financial records.

Notes: Amounts above are presented net of accumulated depreciation.

2014	2013	2012	2011	2010	2009
\$ 885,690	\$ 885,690	\$ 885,690	\$ 833,477	\$ 672,477	\$ 672,477
-	37,826,728	11,748,160	1,324,118	-	-
2,288,389	2,511,941	2,712,767	2,913,593	3,032,849	3,200,073
71,327,071	26,238,332	27,106,238	28,005,809	28,936,714	29,739,145
1,014,419	1,053,235	1,056,444	1,165,238	1,324,543	1,503,318
525,568	499,373	216,037	218,981	297,952	411,990
34,110	102,328	170,546	238,764	366,200	552,862
<u>\$ 76,075,247</u>	<u>\$ 69,117,627</u>	<u>\$ 43,895,882</u>	<u>\$ 34,699,980</u>	<u>\$ 34,630,735</u>	<u>\$ 36,079,865</u>
<u>\$ 24,518</u>	<u>\$ 16,489</u>	<u>\$ 21,723</u>	<u>\$ 24,231</u>	<u>\$ 23,388</u>	<u>\$ 29,338</u>
<u>\$ 24,518</u>	<u>\$ 16,489</u>	<u>\$ 21,723</u>	<u>\$ 24,231</u>	<u>\$ 23,388</u>	<u>\$ 29,338</u>
\$ 885,690	\$ 885,690	\$ 885,690	\$ 833,477	\$ 672,477	\$ 672,477
-	37,826,728	11,748,160	1,324,118	-	-
2,288,389	2,511,941	2,712,767	2,913,593	3,032,849	3,200,073
71,327,071	26,238,332	27,106,238	28,005,809	28,936,714	29,739,145
1,038,937	1,069,724	1,078,167	1,189,469	1,347,931	1,532,656
525,568	499,373	216,037	218,981	297,952	411,990
34,110	102,328	170,546	238,764	366,200	552,862
<u>\$ 76,099,765</u>	<u>\$ 69,134,116</u>	<u>\$ 43,917,605</u>	<u>\$ 34,724,211</u>	<u>\$ 34,654,123</u>	<u>\$ 36,109,203</u>

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fitch High School (1968/'78/2000/2007)				
Square feet	262,048	262,048	262,048	262,048
Enrollment	1,417	1,627	1,582	1,510
Austintown Middle School (1914/'22/'26/'46/'54/2002) (Mahoning Avenue Building)				
Square feet	-	-	102,600	102,600
Enrollment	-	-	-	-
Austintown Middle School (2008) (Racoon Road Building)				
Square feet	174,688	174,688	174,688	174,688
Enrollment	1,109	1,158	1,191	1,222
Austintown Intermediate School (2013)				
Square feet	124,205	124,205	124,205	124,205
Enrollment	1,002	1,096	1,125	1,148
Austintown Elementary School (2013)				
Square feet	121,451	121,451	121,451	121,451
Enrollment	1,064	1,069	1,049	1,055
Frank Ohl Intermediate School (1960/'61/'92/2007)				
Square feet	-	-	-	-
Enrollment	-	-	-	-
Davis Elementary (1954/'57/2002)				
Square feet	-	-	-	-
Enrollment	-	-	-	-
Lloyd Elementary (1954/'57/'92)				
Square feet	-	-	-	-
Enrollment	-	-	-	-
Lynn Kirk Elementary (1958/'60)				
Square feet	35,136	35,136	35,136	35,136
Enrollment	-	-	-	-
Watson Elementary (1961)				
Square feet	-	-	-	-
Enrollment	-	-	-	-
Woodside Elementary (1948/'57)				
Square feet	-	-	-	-
Enrollment	-	-	-	-
District Board Office (2008)				
Square feet	3,512	3,512	3,512	3,512
Community Fitness Center (1999/2001)				
Square feet	15,000	15,000	15,000	15,000

Source: District records

Notes: Year of original construction and subsequent additions are in parentheses.

The original Austintown Middle School was replaced with the new Austintown Middle School for the 07-08 school year.

Davis Elementary was permanently closed on August 1, 2008.

Frank Ohl Intermediate School and Watson Elementary were demolished in fiscal year 2014.

Davis, Lloyd, and Woodside Elementaries were demolished in fiscal year 2015.

The original Austintown Middle School was sold during fiscal year 2017.

2014	2013	2012	2011	2010	2009
262,048 1,739	262,048 1,680	262,048 1,659	262,048 1,622	262,048 1,615	262,048 1,615
102,600 -	102,600 -	102,600 -	102,600 -	102,600 -	102,600 -
174,688 1,316	174,688 1,315	174,688 1,315	174,688 1,211	174,688 1,220	174,688 1,165
124,205 1,142	- -	- -	- -	- -	- -
121,451 1,153	- -	- -	- -	- -	- -
- -	89,485 768	89,485 806	89,485 816	89,485 801	89,485 725
32,958 -	32,958 -	32,958 -	32,958 -	32,958 -	32,958 -
33,013 -	33,013 361	33,013 373	33,013 366	33,013 369	33,013 373
35,136 -	35,136 303	35,136 307	35,136 303	35,136 299	35,136 268
- -	61,435 501	61,435 503	61,435 496	61,435 462	61,435 458
33,372 -	33,372 357	33,372 359	33,372 343	33,372 344	33,372 350
3,512	3,512	3,512	3,512	3,512	3,512
15,000	15,000	15,000	15,000	15,000	15,000

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	General Government		Governmental Activities (2)		Enrollment	Percent Change	Teaching Staff
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil			
2018	\$ 53,287,099	\$ 11,602	\$ 29,537,468	\$ 6,431	4,593	-7.21%	319
2017	48,048,492	9,707	51,722,236	10,449	4,950	0.06%	318
2016	47,734,624	9,649	48,588,643	9,822	4,947	0.24%	314
2015	50,463,281	10,226	50,630,143	10,259	4,935	-7.76%	319
2014	57,290,379	10,708	50,297,860	9,401	5,350	1.23%	319
2013	72,563,400	13,730	47,021,812	8,897	5,285	-0.70%	317
2012	55,015,278	10,337	45,664,098	8,580	5,322	3.20%	315
2011	46,943,022	9,103	46,594,923	9,035	5,157	0.47%	322
2010	45,729,557	8,909	47,030,633	9,162	5,133	3.61%	328
2009	45,869,186	9,259	45,673,294	9,219	4,954	0.06%	326

Source: District records

(1) Debt service totals have been excluded.

Pupil/Teacher Ratio	Student Attendance Percentage
14.40	94.00%
15.57	93.60%
15.75	94.30%
15.47	94.20%
16.77	94.40%
16.67	93.90%
16.90	95.00%
16.02	95.20%
15.65	94.70%
15.20	94.80%

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

TEACHER EDUCATION AND EXPERIENCE
AS OF JUNE 30, 2018 AND JUNE 30, 2009

<u>Degree</u>	<u>June 30, 2018</u>		<u>June 30, 2009</u>	
	<u>Number of Teachers</u>	<u>Percentage of Total</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Non-Degree	0	0.00%	0	0.00%
Bachelor's Degree	74	23.20%	48	14.72%
Bachelor's Degree + 15	27	8.46%	49	15.03%
Master's Degree	90	28.21%	77	23.62%
Master's Degree + 15	28	8.78%	30	9.20%
Master's Degree + 30	100	31.35%	120	36.82%
Ph.D.	0	0.00%	2	0.61%
	<u>319</u>	<u>100.00%</u>	<u>326</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>June 30, 2018</u>		<u>June 30, 2009</u>	
	<u>Number of Teachers</u>	<u>Percentage of Total</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5 Years	99	31.04%	86	26.38%
6 - 10 Years	64	20.06%	65	19.94%
11 - 15 Years	52	16.30%	65	19.94%
16 - 20 Years	59	18.50%	22	6.75%
21 - 25 Years	35	10.97%	31	9.51%
26 - 42 Years	10	3.13%	57	17.48%
	<u>319</u>	<u>100.00%</u>	<u>326</u>	<u>100.00%</u>

Source: District personnel records

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

TEACHER SALARIES
LAST TEN FISCAL YEARS

Year	Teacher Salaries			
	BA Min.	Austintown MA Max.	Average	State Average
2018	\$ 31,844	\$ 73,828	N/A	N/A
2017	31,529	73,107	\$ 53,043	\$ 58,849
2016	31,217	72,393	51,663	57,153
2015	31,217	72,393	52,443	56,748
2014	30,620	71,028	51,187	55,916
2013	30,317	70,335	51,659	56,307
2012	29,737	69,009	51,891	56,715
2011	29,737	69,009	51,784	56,715
2010	29,443	68,336	49,632	55,958
2009	29,443	67,276	50,763	54,656

Sources: District records and Ohio Department of Education

Note: N/A indicates the information is unavailable.

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

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**AUSTINTOWN LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
(D) School Breakfast Program	10.553	2018	\$ 253,106
(D) National School Lunch Program	10.555	2018	955,376
(C) National School Lunch Program - Food Donation	10.555	2018	168,400
Total National School Lunch Program			<u>1,123,776</u>
(D) Summer Food Service Program for Children	10.559	2018	<u>38,326</u>
Total Child Nutrition Cluster			<u>1,415,208</u>
State Administrative Expenses for Child Nutrition	10.560	2018	<u>36,841</u>
Total U.S. Department of Agriculture			<u>1,452,049</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2017	122,938
Title I Grants to Local Educational Agencies	84.010	2018	725,489
Total Title I Grants to Local Educational Agencies			<u>848,427</u>
Special Education Cluster:			
Special Education Grants to States	84.027	2017	188,219
Special Education Grants to States	84.027	2018	887,680
Total Special Education Cluster and Special Education Grants to States			<u>1,075,899</u>
Supporting Effective Instruction State Grants	84.367	2017	21,111
Supporting Effective Instruction State Grants	84.367	2018	171,717
Total Supporting Effective Instruction State Grants			<u>192,828</u>
Total U.S. Department of Education			<u>2,117,154</u>
Total Federal Financial Assistance			<u>\$ 3,569,203</u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) OAKS did not assign pass-through numbers for fiscal year 2018.
- (B) This schedule includes the federal award activity of the Austintown Local School District under programs of the federal government for the fiscal year ended June 30, 2018 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Austintown Local School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Austintown Local School District.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.

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Julian & Grube, Inc.
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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Austintown Local School District
Mahoning County
700 South Raccoon Road
Austintown, Ohio 44515

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Austintown Local School District, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Austintown Local School District's basic financial statements and have issued our report thereon dated December 27, 2018, wherein we noted as discussed in Note 3, the Austintown Local School District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Austintown Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Austintown Local School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Austintown Local School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Austintown Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

Austintown Local School District's Response to Finding

The Austintown Local School District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Austintown Local School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Austintown Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Austintown Local School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
December 27, 2018



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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Austintown Local School District
Mahoning County
700 South Raccoon Road
Austintown, Ohio 44515

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Austintown Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Austintown Local School District's major federal programs for the fiscal year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Austintown Local School District's major federal programs.

Management's Responsibility

The Austintown Local School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Austintown Local School District's compliance for each of the Austintown Local School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Austintown Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the Austintown Local School District's major programs. However, our audit does not provide a legal determination of the Austintown Local School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Austintown Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

The Austintown Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Austintown Local School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Austintown Local School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Austintown Local School District as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Austintown Local School District's basic financial statements. We issued our unmodified report thereon dated December 27, 2018. Our opinion also explained that the Austintown Local School District adopted *Governmental Accounting Standard No. 75* during the fiscal year. We conducted our audit to opine on the Austintown Local School District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2018

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Cluster and Title I Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2018-001

Significant Deficiency/Noncompliance

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end. However, Ohio Revised Code 3315.20 provides an allowable exception for school districts, if all the following have been met:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit,
- There is a reasonable likelihood that the payment will be made, and
- The unspent and unencumbered balance in the school district's General Fund is greater than the aggregate of deficit amounts in all of the school district's special funds.

Throughout the fiscal year, the District had negative fund balances in the Title VI-B Fund, Title I Fund, and Improving Teacher Quality Fund that did not meet the above exception. The District did not draw down any of its available grant funds for the fiscal year 2018 grant year, until July 2018. Therefore, the District operated these grants funds at a deficit for the entire fiscal year, with no request for payment outstanding.

By having a negative fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. Also, not requesting grant receipts in a timely manner could indicate insufficient monitoring of grant activity. No fund should have a negative cash fund balance throughout the fiscal year or at fiscal year-end.

We recommend the District monitor the cash balances within its grant funds and draw down monies to meet its immediate cash needs. The District should properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance or transfer funds from the General Fund with proper Board of Education approval. We also recommend the District utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances. The District should continue to review available guidance or inquire of its auditors to ensure grant funds are properly requested timely in accordance with the relevant guidelines.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None



AUSTINTOWN LOCAL SCHOOLS
Vincent S. Colaluca, Superintendent

Ryan Ghizzoni, Treasurer
700 S. Raccoon Road
Austintown, Ohio 44515
Phone: 330/797-3900
Fax: 330/792-8625

www.austintown.k12.oh.us

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Negative fund balances were due to an oversight in the cash requests for grant funds and the district not addressing concerns in the CCIP throughout the fiscal year, resulting in the application not being approved until May. The District hired a new Treasurer during fiscal year 2019, as well as, a federal grant consultant. The district has implemented procedures to ensure the grant application is in final approval status in a timely manner and project cash requests are completed throughout the year to keep the negative fund balances at a minimum.	December 31, 2018	Ryan Ghizzoni, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



AUSTINTOWN LOCAL SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 19, 2019**